

OVERSEAS NEWS

Moscow approves price-control package

By Quentin Peel in Moscow

THE growing threat of inflation in the Soviet economy has forced the ruling politburo to approve a package of price control measures, reversing key moves to decentralise decision-making.

Some economists believe that real inflation - including black market prices, co-operative prices, and the replacement of cheap goods by more expensive items - is at least 5 per cent, and could be approaching double figures.

The inflation package, approved at the weekly politburo meeting normally chaired by the Soviet leader, but published only in brief outline, will penalise co-operatives charging prices higher than state prices.

The move against co-operative prices comes only days after a Council of Ministers' decree banned or restricted the new enterprises from undertaking a range of activities - like medical services, publishing, entertainment and education.

The politburo has agreed to the package drawn up by the Council of Ministers, and likely to be published in full in the near future.

US job market grows at moderate rate in December

By Anthony Harris in Washington

US EMPLOYMENT grew by 280,000 in December, sharply lower than the revised 404,000 increase in November, originally put at 483,000.

The last two months have sustained a trend evident throughout the year: the major growth has been in part-time employment for adult women.

Italy orders Fiat 'move on unions' investigated

THE Italian Government has ordered an investigation into allegations that the Fiat group has been seeking to undermine union rights at its Alfa-Lancia subsidiary, Alan Friedman reports from Milan.

The investigation comes after several weeks of rising tension between unions and the Fiat group.

Soviet party agrees to mass rehabilitation of millions purged under Stalin regime

By Quentin Peel

MASS REHABILITATION for millions of victims of the Stalin purges in the Soviet Union has been agreed by the Central Committee of the Soviet Communist Party.

The move dramatically increases the scope of individual rehabilitation granted now to the vast majority of those who were executed or banished to Siberia under the reign of terror of Joseph Stalin's dictatorship in the 1930s, 1940s and early 1950s.

It amounts to a recognition of the impossibility of reconsidering all the cases individually, but it is a landmark decision, coming at a key moment when many conservative figures in the ruling party had been arguing that the continuing exposure of Stalinist crimes in public was undermining morale.

Many failed to do so, and each case was still considered individually. The decision excludes "those guilty of high treason, those who were members of punitive expeditions in the Second World War, Nazi criminals, participants in nationalistic bands... as well as persons who committed murder and other crimes."



Peres: tough task

Challenges face Israeli austerity

By Andrew Whitey in Jerusalem

DOMESTIC INTEREST rates in Israel plunged this week, and hundreds of millions of dollars poured back into the banks, following the introduction by Mr Shimon Peres, the Finance Minister, of an austerity package designed to tackle some of the economy's long standing structural ailments.

Guilty pleas filed in Pentagon fraud case

By Stewart Fleming in Washington

A MAJOR defence contractor said two of its former executives pleaded guilty to conspiring to defraud the Pentagon yesterday in response to the first public charges filed as a result of the Pentagon procurement scandal.

resisting the real decline in defence spending that Congress has imposed over the past four years.

Ozal advisers winning government row

By Jim Bodgener in Ankara

TREMORS continued in Turkish government yesterday from the shake-out between senior bureaucrats and Western-educated advisers to Mr Turgut Ozal, the Prime Minister.

Mr Erdem had taken exception to a newspaper report linking him with fugitive businessman Mr Kemal Horzum, an alleged swindler of \$30m from Mr Ozal's Istanbul.

Treasury, to which the former is nominally subservient, according to bankers. Both institutions answer to Mr Yusuf Bozkurt Ozal.

The ambitious central bank governor and leading "prince", Mr Rusdin Saracoglu, has fought tooth-and-nail for more autonomy and power for the central bank.

Hopes rise for agreement on troop talks mandate

By Judy Dempsey in Vienna

THE WARSAW Pact and Nato, in a final push this weekend, hope to agree to a mandate for new talks on reducing conventional forces throughout Europe.

Agreement on this mandate would lead to conclusion of the present long-running all-European security talks in Vienna.

Libyan capital gets down to business again

By Tony Walker in Tripoli

IT WAS business as usual yesterday in the small cove next to Tripoli's "Green Square" from where Col Muammar Gaddafi has made some of his more provocative speeches.

There was little sign of the tension, and even panic, that had been reported on Wednesday. Traffic on Tripoli's rain-slicked streets appears to have returned to its usual pace and there was no evidence of a mass exodus from the city.

Libyan security personnel have been placed on a general alert, and some reservists have reportedly been recalled to barracks to prepare for a possible US attack.

US jets bombed the barracks in 1986 in an attempt to eliminate the Libyan leader. The front of the Gaddafi family residence was blasted away and an adopted daughter was reported killed.

Japanese steal the limelight at Detroit's luxury-car show

Toyota and Nissan are storming the last bastion of the world motor industry, Kevin Done reports

THE MOVERS and shakers of the US motor industry chose 1989 as the year that Motown should join the glamour and glitter of the international motor show circuit and demonstrate the industry's resurgent fortunes.

It was the volume car makers that had to meet the Japanese challenge head on while the European performance and luxury car makers continued to skim the cream off the world's single biggest luxury car market, the US.

As the dollar plunged, the Europeans responded, not by redoubling efforts to improve productivity and absorb the sudden loss of dollar revenues, but by raising prices.

They came to believe affluent Americans would pay almost any price for the privilege of owning a European luxury car. As a result, in the last two years, their prices have soared, opening up a yawning gap between the \$20,000-\$30,000 range for the US car makers for their top-of-the-range Cadillac and Lincoln luxury cars

and the \$40,000-\$70,000 demanded by the Europeans. As the US auto industry enjoyed a fourth consecutive year of vehicle sales (cars and light trucks) in excess of 15m units, sales of luxury imported cars from Europe plunged.

Unwittingly, the Europeans have left a pricing vacuum in the middle of the US luxury car market into which the newly-created Japanese franchisees of Infiniti (Nissan) and Lexus (Toyota) will now step.

They accept they cannot match overnight the intangible prestige of the European marque. They will bring an entirely new meaning to the concept of value for money in the luxury car market.

Toyota and Renault in talks

By Ian Rodger in Tokyo

TOYOTA MOTOR, Japan's largest motor group, is in discussions with Renault of France about production of its Lead Cruiser four-wheel-drive vehicle in Colombia.

The French state owned company has a joint venture with the Colombian Government called Safasa, which produces cars. However, it apparently believes there is considerable sales potential

for a multi-purpose 4WD van, and so it has been something out Toyota and other van makers on the possibility of joining Safasa.

A Toyota spokesman confirmed yesterday that "we are talking with Renault, as are others." However, he would not confirm press reports in Tokyo that this would be the first step toward the establishment of stronger relations

between Renault and Toyota, including a plan to produce Toyota vehicles in France.

There are no formal talks with Renault about production in the European Community," he said. "We are still looking at a number of possibilities."

Japanese car makers hope many "baby boomers" who bought smaller Mitsubis, Toyotas and Hondas will now buy their luxury models as they reach affluent middle age.

Yugoslav talks begin

The Yugoslav authorities yesterday began talks to choose a new government, following the resignation of Mr Branko Mitlic, the Prime Minister, over a week ago, Jody Dempsey reports from Vienna.

The resignation took place after a stormy session of Parliament in which Mr Mitlic was sharply criticised for failing to improve the economy, curb inflation and introduce radical reforms.

EC inquiry dropped

An inquiry into allegations of unfair underpricing of mobile telephones imported into the European Community was yesterday called off by the EC's Commissioner, William Dawkins reports from Brussels.

Canada pact test

An important test of the new US-Canada free trade agreement is looming following a decision by the National Pork Producers Council, a US pig farmers' group, to ask the US Government to impose countervailing duties on \$700m of Canadian pork imports.

Venezuela deficits

Venezuela recorded large deficits in its balance of payments and current account last year, as well as a negative foreign trade balance, Joe Mann reports from Caracas.

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OVERSEAS NEWS

Japan gets used to the pleasure of spending money

Domestic demand will keep the country at the top of the GNP growth table, writes Patti Waldmeir

IF 1988 WAS the year in which the Japanese discovered that wealth is more than just a state of mind, 1989 looks like setting the country once and for all into the habit of spending money. And though Japan's consumers and corporations may end up being less liberal with the cheque-book this year than last, the strength of domestic demand should still ensure Japan a premier place in the league of developed economies in terms of gross national product growth.

That is the consensus emerging from a cascade of economic forecasts issued by brokers and private research institutions for the fiscal year beginning in April. If the forecasters end up being anything like correct, and they seem to have turned in a more creditable performance over last year's figures than some of their Western counterparts — then Japan should manage economic growth of 4 to 5 per cent in the upcoming fiscal year, compared with 5 per cent or so in fiscal 1988.

Furthermore, although the Bank of Japan has recently expressed concern about the inflationary pressures exerted by continuing high levels of domestic demand, most private forecasters believe the grounds for anxiety are limited.

"It is the Bank of Japan's job to raise the warning flag over inflation well ahead of anyone else," says Mr Adrian Tschogl, Japanese economist at SBCI Securities in Tokyo. Few private forecasters believe inflation will top 2 per cent in fiscal 1989; for its part, the prestigious Nomura Research Institute predicts a consumer price increase of only 1.2 per cent, up from 0.7 per cent in 1988, a prediction which includes the impact of tax changes which on their own could add as much as 1 per cent to the index.

"Obviously the pressures are there for inflation in 1989," says Mr David Pike of stockbrokers UBS-Phillips & Drew. He believes wages growth will begin to accelerate this year as the labour market tightens further.

Coming at a time when pro-

ductivity growth is beginning to slow, this will reverse a three year decline in unit labour costs. But though unit costs may rise as much as 2 per cent in 1989, competition from cheap imports will dissuade companies from passing the full cost on to consumers. Corporate profit margins are likely to suffer more than consumer prices, argues Mr Pike. Overall, any rise in output costs should be offset by further appreciation of the yen

strong yen to a forecast 2.2 per cent in 1989. The broking community in Tokyo seems to take a less sanguine view of the situation. The decline in Japan's trade surplus evident earlier last year had already begun to reverse by mid-year, and most recent monthly figures have shown a year-on-year increase which some expect to continue through fiscal 1989.

"It's bad news on all fronts," says Mr Pike of Phillips & Drew, who is predicting a \$107bn trade surplus for calendar 1989, up from \$96bn last year. He argues that import growth should slow from aggressively high 1988 levels, as a result of lower domestic economic growth and continuing weak commodity and oil prices. Meanwhile, a strong world economy in the first half of the year should ensure firm growth in Japanese export volumes, supported as well by exports of capital goods by Japanese companies setting up production facilities overseas.

Soviet talks with Mujahideen fail to end stalemate

THE SECOND round of peace talks between Soviet officials and Afghan resistance leaders has ended in deadlock, both sides agreeing only to meet again.

Prof Mojaddidi, who headed the resistance delegation, said the main stumbling block was Moscow's insistence on a future role for members of the present Soviet-backed regime in Kabul.

Mr Yuli Vorontsov, the chief Soviet negotiator and deputy foreign minister, arrived in Islamabad on Wednesday for the latest talks.

The Soviets confirmed their promise to withdraw their remaining 50,000 troops from Afghanistan by February 15. Western diplomats say preparations have already begun.

Mr Vorontsov repeated the Soviet demand for a ceasefire but this was again rejected by the rebels, who said it was impossible while the Kabul regime was still in place, though they offered not to attack Soviet troops as they leave.

Both sides admitted that no progress had been made since the first round of talks in Saudi Arabia last month. Mr Vorontsov's subtle diplomacy since then, involving meetings with the former Afghan King in Rome and Iranian-based Mujahideen, seems to have exacerbated differences within the resistance alliance.

While both Moscow and the rebels realise the need for some form of consultative council to act as an interim government, they cannot agree on its composition.

It has not yet been decided when or where the next meeting will be held but the venue is thought unlikely to be either Pakistan or Mr Vorontsov's suggestion of Moscow. With less than six weeks left to completion of the withdrawal and neither side willing to compromise, a peaceful solution to the nine-year conflict still seems far from certain.

Pakistan and the rebels' US backers are reported to have lost patience with the alliance and are concentrating on the field commanders, particularly Ahmad Shah Massoud in the north, who they believed have proved themselves better organised and more representative.

Lucky bags: only moneybags need apply

By Ian Rodger in Tokyo

"IT IS a time of great richness," signed the spokesman for Mitsukoshi, the leading Japanese retail emporium.

Indeed, on Wednesday, Mitsukoshi, like most Japanese retailers, put its lucky bags on display. Lucky bags are a traditional Japanese New Year treat, aimed at luring people back into the shops. Typically, the bags, which are sealed, cost about ¥5,000 (\$22) and contain bits of jewellery, clothing and nicknacks to a value usually slightly in excess of the payment made.

Mitsukoshi offers that kind of bag, too, and on Wednesday

alone sold more than 300. However, to the past two years it has also decided to cater for its more affluent customers (and win some free publicity to the process).

It puts together a small number of extremely expensive lucky bags and displays the contents to the show windows of its main store in Nishi-Shinjuku, Tokyo.

Last year, the top item was a ¥210m (\$930,000) bag filled with jewels. This year, bags of jewellery, priced at ¥300m, ¥100m and ¥30m and several at ¥1m and ¥500,000, are on display.

Mitsukoshi insists that it is maintaining the tradition

that the value of the goods should exceed the sum paid, and the customers apparently agree. The ¥30m bag, containing a diamond necklace and a watch, has already sold as have several ¥1m and ¥500,000 bags.

As for this year's top item, a bag containing a 1937 Picasso oil painting, "Maria Theresa", and a 1914 Renoir painting, "A Woman Wearing a Flower Hat", there could be a problem. Despite the price, ¥500m (\$2.2m), Mitsukoshi has already had 20 inquiries and the store fears it will have to select a customer for it.

Mitsukoshi thinks the popularity of its bags reflects an improvement in Japanese consumers' tastes. People are now interested in Renoirs, Picassos and beautiful jewellery rather than just the latest electronic gadget, the spokesman said.

It also reflects the fact that many of them are extremely rich. "People's consumption power is much stronger than we expected," he agreed.

He recalled the old Japanese adage according to which everyone should have one gorgeous item to his life — an expensive handbag, a special brooch or even a car. "Now, everyone wants total gorgeousness," he said.

	Fiscal '87	'88*	'89*
Real gross national expenditure (%)	5.2	5.0	4.8
Private final consumption (%)	4.5	5.1	5.0
Private residential construction (%)	22.5	1.8	5.3
Private investment in new plant and equipment (%)	10.0	17.0	10.5
Industrial production (%)	5.8	7.3	5.3
Wholesale prices (%)	-2.0	-0.8	0.3
Consumer prices (%)	0.5	0.7	1.2
Trade balance (\$bn)	94.0	94.2	91.2
Exports (\$bn)	233.4	264.8	289.4
Imports (\$bn)	139.4	170.6	198.2
Current account (\$bn)	84.5	77.3	73.3

* projected Source: IMF and AEC

Punjab Sikhs strike in protest at executions

By K.K. Sharma in New Delhi

THERE WAS a general strike in Punjab yesterday in protest at the execution of the assassin of Prime Minister Indira Gandhi, and his co-conspirator. The strike call by all factions of the Akali Dal, the Sikhs' political party, reflected widespread resentment among the Sikh community all over India.

Shops, offices and educational institutions remained closed for the day. Most buses were withdrawn by the authorities who expected violence to retaliate for the executions.

Heavy patrolling and other intense security measures at airports, railway stations and strategic installations, prevented trouble, but this could still come in the next few days.

Mrs Gandhi was murdered by two of her security guards, Satwant Singh and Beant Singh, at her official residence on October 31, 1984, in revenge for the Indian Army's assault earlier in the year on the Golden Temple at Amritsar, the Sikhs' holiest shrine.

A prolonged trial ended a few weeks ago with the Supreme Court confirming the death sentence on Satwant Singh and his co-conspirator, Kehar Singh (the second assassin was shot dead immediately after the assassination).

Emotions in the Sikh community have been aroused in the past few weeks as lawyers attempted to win a reprieve for at least Kehar Singh since many believe the evidence against him to be inconclusive.

Most Sikhs believe the Government lost an opportunity to heal the wounds inflicted on their religious community by failing to commute the death sentences.

It is widely felt that such a gesture would have been responded to even by the extremists who have launched a terror campaign to win a separate Sikh homeland.

Anger among the Sikhs has increased because of the decision of the Government not to hand over the ashes of the executed men to their families after the bodies were cremated in jail after the hanging.

The relatives then successfully obtained a court order directing the authorities to preserve the ashes.

Manila to resume talks with IMF on new money

By Richard Gourlay in Manila

THE PHILIPPINES will resume negotiations later this month with the International Monetary Fund on a crucial new money facility following the collapse of talks last month, according to Mr Jose Fernandez, the central bank governor.

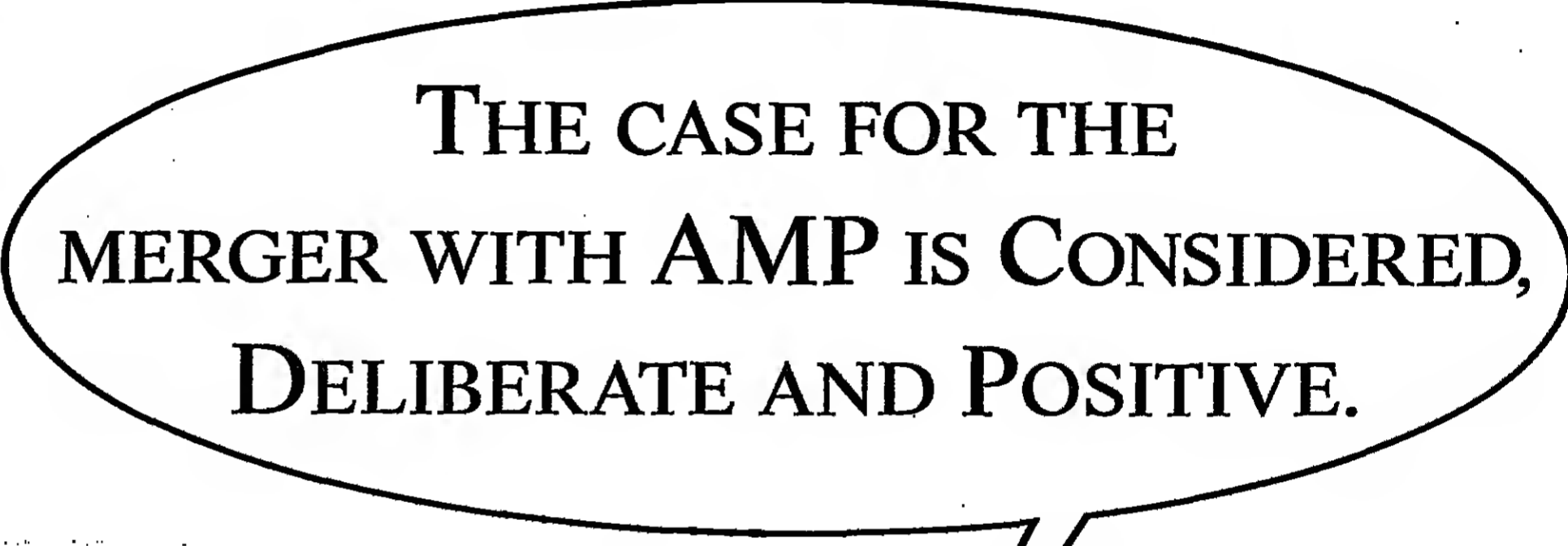
He told businessmen on Thursday that a successful conclusion to these talks would allow a negotiated deferral of principal payments to the Paris Club of official creditors and a resumption of talks with the commercial banks for new money. Officials say the IMF facility could be worth \$900m over three years and they are looking for about \$1.6bn from the commercial banks.

Mr Fernandez said these talks would contribute \$5bn

over two years to finance the gap between foreign exchange receipts and principal and interest payments on the country's \$28.9bn of international debt.

Talks with the commercial banks broke down last year over the amount Manila was requesting. Subsequently, negotiations with the IMF were deferred in December after the Fund questioned Philippine government spending plans and its gross targets.

Troops backed by tanks and armored personnel carriers yesterday stormed a militaryarrison in Zamboanga City after renegade Muslim policemen killed a general they were holding hostage, Rauter reports.



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Savings and the Budget

MRS THATCHER must sometimes feel that her Government is the one prudent household in a nation of prodigals. As has been demonstrated only this week, personal savings continue to fall, reaching the unbelievably low level of 1.3 per cent of disposable income in the third quarter of 1988.

Given the state of the national income statistics, disbelief may turn out to be justified. What is unlikely, however, is that the trend - a decline in the personal savings rate from just under 10 per cent of personal disposable income in 1985 - will turn out to be entirely misleading. No wonder the Chancellor finds himself bombarded with calls for "a budget for savings".

Real asset prices

The result of these trends is that the gross national savings rate has declined, but not dramatically, from 20% per cent of GDP in 1980 to 19% per cent last year.

seriously aggravate the prospective slowdown in demand. The case for the Government to act on national savings hinges on the feasibility of relying on foreign borrowing to finance a clearly desirable increase in the rate of investment over the long term. Mr Lawson has noted that the constraint on borrowing from abroad is "creditworthiness", this depending *inter alia* on the country's net asset position. At present that position remains very strong. In the longer term, however, borrowing from abroad on the present scale must be unsustainable. While an unfeasible external deficit will be closed one way or the other, the Government may reasonably want that closure to occur without too sharp a cut in investment.

Lesson of the past

Unfortunately, the Government may be unable to do much about the national savings rate. The identification of the alleged savings problem has, it is true, led to numerous proposals for fiscal incentives. But such incentives are far more likely to influence the allocation of savings than its overall level, while losing substantial fiscal revenue in the process. The lesson of the past two decades, worldwide, is that higher real returns do not necessarily lead to higher overall rates of saving. The reverse may even be the case.

In short, proposals for changing the tax treatment of savings must be judged by whether or not they contribute to an improvement in the efficiency of the overall tax system. It would be most undesirable to introduce new tax shelters that not only fail to increase the national savings rate, but distort the tax system, too. If the Government were determined to raise the rate of national savings, the direct way would be via a still larger budget surplus. But in many countries changes in government deficits (and surpluses) have been negatively correlated with changes in private savings. To the extent that this were to be the case in the UK, the effect on national savings of an increase in public savings could be very modest.

David White and Peter Marsh look at the future of chemical warfare

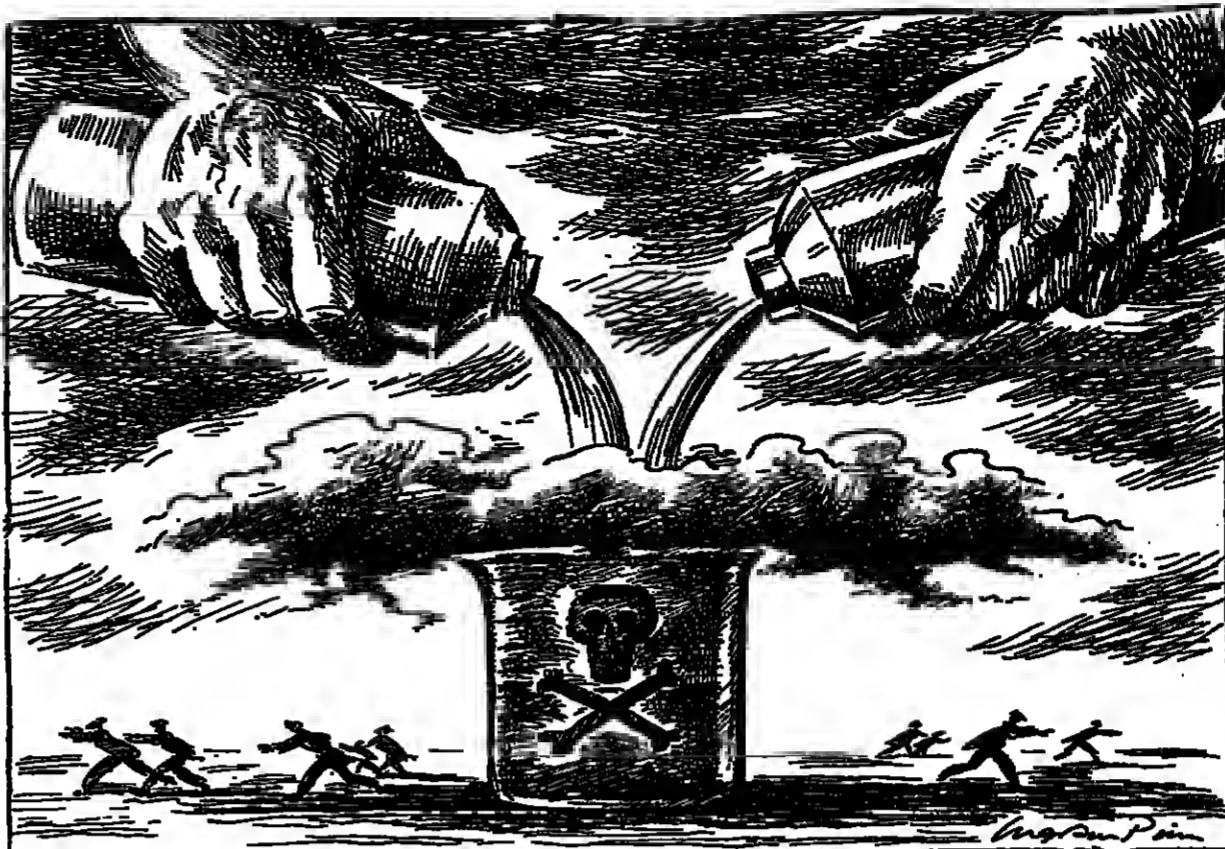
Two unpleasant questions loom behind the US-Libyan row over the factory near Tripoli which Washington says is for chemical weapons. In these any way of preventing countries determined to do so from making and using poison gas? And can Third World countries be kept away from the temptation of these rediscovered cheap mass weapons?

At a fifteen conference on chemical warfare opens in Paris today, experts' opinion on both questions is becoming increasingly pessimistic. Chemical weapons have moved to the centre-stage of arms control in the past few months following Iraq's use of gas during its war with Iran, the attacks by Iraq against its own Kurdish citizens and now the controversy over Libya's alleged production plans.

The other two main focuses of current arms negotiations - strategic weapons and conventional arms in Europe - are purely East-West issues. Chemical warfare is different; it is emerging in the less developed countries of the South. The Soviet Union, although it has supported the Libyans' claims about their pharmaceutical plant, shares Western worries about the spread of chemical arsenals.

Proliferation has focused attention on the problem but has made the Geneva negotiations more difficult. It is, as one US official put it, "a genie and a bottle situation." Asked how soon a new treaty might be expected, he said: "You could say two years. Or you could say never."

The Paris conference is aimed at giving fresh political impetus to the negotiations and putting teeth back into the Geneva treaty that does exist - the 1925 Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare. Iraq and Libya are among the 100 countries that are signatories to that agreement. Most major countries, however, reserved the right to use chemical weapons in sit-for-tat retaliation, and the protocol did not restrict production or stockpiling. A 1972 convention on biological weapons did cover these, but without any means for monitoring compliance.



The deadly brew of nationalism

Mustard gas, which was employed to devastating effect by both Germany and Britain during the First World War, is made by mixing carbon-containing chemicals with chlorine and sulphur. The reactions are similar to those which produce drugs, pesticides and plastics.

As a result, a plant for making war gases does not look much different from the outside to a factory for producing more innocuous substances. This will make it difficult to prove the US claim that Libya's fortified plant at Rabta, 40 miles south of Tripoli, which it believes has been built with help from the West German chemicals industry, is making war gases.

This argument highlights the difficulties that attend any new war-gas treaty. According to Mr Trevor Kletz, a UK chemicals consultant, the US would have needed extremely detailed intelligence - beyond that which could be provided by satellite photographs - to have sufficient evidence that its version of the plant's role is correct. "For satellite images to have put the matter beyond doubt, their resolution would have to be good enough to read the labels on individual drums of chemicals," he says.

The background to the uncertainty over the purpose of the plant - and to the problems that will accompany enforcement of a new chemical warfare treaty - is the complex and fragmented nature of the world's chemicals industry.

Most of the petroleum-based synthetic substances used in consumer goods, clothing and industry owe their origins to a few basic feedstock materials such as ethylene and propylene made from oil. From these oil-

derived feedstocks, together with a small group of other basic materials such as sulphur and chlorine, are made a second tier of about 200 building-block substances, known in the chemical industry as "evergreens". Given enough expertise in chemical synthesis - together with the engineering knowledge needed to construct the necessary plant - the range of substances to be derived from the 200 evergreens is limitless.

It is this third tier of evergreen-based materials which are mixed in varying proportions to form the ingredients for drugs, pesticides and many other kinds of specialised additives used in industries such as plastics, water-treatment, paper processing and construction.

Many of these intermediate chemicals are by their very nature hazardous and could be used for killing people. For example, methyl isocyanate, the gas which escaped from the Bhopal pesticide plant in India in 1984, killing more than 2,000 people, would make a highly effective war gas. Much the same is true of dioxin, a chemical which can be derived from some plastics processes.

Most modern chemical facilities can be seen as giant mixing vessels comprising the same elements of pipes, valves, pressurised containers and control systems. Such a factory can have a great many applications. Although there are many types of war gas, Mr Julian Robinson, a chemi-

cal-warfare expert at Sussex University, believes that if the Libyans are making these materials then they are likely to be focusing on mustard gas - otherwise known as dichlorodiphenyl sulphide. This is a well-established material, relatively easy to handle and highly effective. Loaded into shells as an oily liquid, the chemical evolves a vapour after falling to the ground, disabling people either by burning or by internal injuries.

Still more effective would be various types of nerve gases which can kill people in a matter of seconds by crippling the body's nervous system but which are more difficult to make. Just 1 milligram of nerve gas - at just one of the best known, is Sarin, which one of the best known, is Sarin, or isopropyl methylphosphonofluoridate, invented in Germany during the Second World War - is enough to cause death, as against 15 times this amount for mustard gas.

Mustard gas can be made in three ways, one of the best known of which starts with thiodiglycol. This is a chemical made from glycol, an ethylene-derived chemical which sees everyday use in anti-freeze and as a plastics additive. To thiodiglycol would have to be added hydrochloric acid, a highly volatile chlorine-containing chemical.

Another process, used by Britain to build up its mustard-gas stocks during the 1940s, adds ethylene to sulphur chloride. Another possibility is to mix vinyl chloride, one of the ingredients for making polyvinyl chloride, a well-known plastic, with hydrogen sulphide.

Another tell-tale signal might have been large shipments to Libya of specific intermediates, such as thiodiglycol, which are specifically used in mustard-gas manufacture. Many experts believe that - if the Rabta plant really is for making warfare agents - the Libyans would have needed assistance from other countries. This would have involved detailed plant engineering links with chemical engineers in several European countries - including Britain - to build up its petrochemicals business. The Libyan chemicals community has especially strong ties with Italy, which is a big importer of Libyan ethylene. It is thought that many engineers who have helped Libya in conventional areas of chemicals could - with big enough rewards and without too much regard to moral scruples - have lent a hand in production of warfare agents.

One British businessman experienced in dealing with Libya said this week that, even with help from abroad, the Libyans were unlikely to have enough expertise to operate a mustard-gas facility. "The Libyans have some good theoretical scientists but their engineers are hopeless," he said. "I doubt whether they will be able to get any mustard gas out of the (Rabta) plant without killing all their employees."

Every manager needs some luck to achieve his objectives. Derek Birkin has had his fair share during the wheeling and dealing which has reshaped the RTZ Corporation since he was appointed chief executive and deputy chairman in April 1985. His good luck culminated this week in the biggest ever private deal between two UK groups: agreement in principle for RTZ to buy British Petroleum's world-wide minerals operations for \$4.32bn (£2.4bn).

MAN IN THE NEWS

Derek Birkin Manager for whom the luck is still running

By Kenneth Gooding



out that the late Sir Val Duncan expanded the company at such speed that some corporate disciplines were lacking. Duncan's successors, Sir Mark Turner and Sir Anthony Tuke, made no big effort to change the style. The task of restructuring RTZ was left to the team which took over in 1985.

followed by a spell as managing director of a division of Nairn Williamson, the floor covering group. Then in June 1970 he joined Tunnel Cement as deputy chairman and chief executive. RTZ acquired him, along with Tunnel, in 1982.

quently sued the company, claiming wrongful dismissal. Mr Birkin says there is no attempt to impose "an RTZ corporate culture" and that each subsidiary has its own style. The company attempts to encourage a nimble, entrepreneurial approach by paying top operating executives by reference to their own results.

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The family doctor sits assuredly in front of her computer terminal, working out the best and most cost-effective forms of hospital treatment for three patients.

Alan Pike looks ahead to the Government's plans for reform of British health care

Prescription for greater GP power

One is quickly dispatched to the local National Health Service district hospital. New methods of assessing costs show that it offers good value for money in many areas of treatment and, since the family general practitioner (GP) has to pay for it out of an annual budget running into hundreds of thousands of pounds, this is an important consideration.

Cynics believe the Government's ideas have something in common with the Arabian Nights

Cynics believe the Government's ideas have something in common with the Arabian Nights, the fantastical tales told by Scheherazade in a bid to prevent her execution. Ministers have, they allege, been drawn into a desperate battle with the House of Commons to prevent their political lives from being ended by the conclusion that the NHS should be left much as it is.



you can make rational decisions, balancing the waiting time for the patient against the extra cost. The Powys GPs fear that the system could be used to place cash limits on the services they provide.

Health authorities have begun to earmark hospitals for the possible cutting-out experiment. Such institutions, while still technically part of the NHS, would have greater managerial freedom than other hospitals - a development which could, among other things, lead to the weakening of national pay determination in the service.

Richard Waters on Chase Manhattan's withdrawal from UK equity market making

Three ways to cope with the City's gloom

Amid the general gloom of job losses in the City, different strategies are emerging among investment banks. They represent different ways of dealing with the same problem: chronic overcapacity in the City's main financial markets.

The cut-backs have a common theme. In almost every case, retrenching firms are modifying or abandoning the "full-service" approach - the belief that they need the full range of equity and debt skills to help their customers raise finance or manage interest or exchange rate exposures.

Such retreats have become increasingly common: distinguished predecessors include Morgan Grenfell, Citibank, Lloyds Bank, Midland Bank, Prudential Bache and Royal Bank of Canada. The institutions affected fall into three distinct camps: Those which have pulled out of gilts; Those which have retreated from securities completely; Chase Manhattan took the second course of action.

LETTERS

'Real' mortgage costs

From Mr R. Sabry-Grant. Sir, The New Year increase in interest rates affecting mortgagors, although unwelcome, should come as no surprise. However, your unqualified remark (December 30) that annual percentage rate (APR) usually considered to be a more reliable indicator of the cost of a loan, takes into account the timing of repayments, deserves attention.

Critical frown

From Mr Nicholas Wright. Sir, I take the greatest exception to Martin Hoyle's imputation (FT Arts page, December 13) that I neglect my research. "Where", he asks, "in the early 1930s could the opera-loving daughter see that rarity, the yet to be rehabilitated 'Così'?" The answer is at Glyndebourne (as stated in the play) on May 29 1934. It was conducted by Fritz Busch, Carl Ebert was the director, and the singers included Heddies Nash and Ina Souez.

'Pool insurance' applied to the mortgage market

From Mr A.R. Hill. Sir, Your article on the use of mortgage pool indemnities "Home insurers build on innovation" (December 7) addressed the subject entirely from the point of view of the insurer or certain mortgage companies rejecting insurance as their chosen method of enhancing mortgage assets when they wish to re-finance.

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net CAR, Interest paid, Minimum balance, Terms and other details. Lists various investment products from building societies like Abbey National, Alliance and Leicester, Barclay, etc.

Statistics matter

From Mr M.R. Weale. Sir, Mr Francis Maude (Letters, December 22) argues that the Government should not provide statistics beyond those which meet its own needs. Surely he does not understand the role of the government in a democracy.

Uranium supplies

From Mr Richard H. Levy. Sir, The article by Sir Alan Cottrell (December 14), objecting to proposed cuts in the fast breeder reactor development programme, uses the argument that supplies of uranium at reasonable cost will be exhausted in 40 or 60 years.

Cathedral fund

From the Deans of Winchester. Sir, In his admirable account of Winchester Cathedral's finances (December 10) Christian Tyer quoted a member of our community who described the Australian fund-raising company whom we are employing as "thuggish".

MARKET STATISTICS

FT-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisation of the the groups and sub-sections of the FT-Actuaries indices as at December 30, 1988 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Market capitalisation as at Dec. 31, 1988 (£m), % of All-Share Index, Market capitalisation as at Sep. 30, 1988 (£m), % of All-Share Index, Market capitalisation as at Jun. 30, 1988 (£m), % of All-Share Index.

BANK RETURN

Table with columns: BANKING DEPARTMENT, LIABILITIES, ASSETS, ISSUE DEPARTMENT, LIABILITIES, ASSETS.

BASE LENDING RATES

Table with columns: Bank Name, % Rate, Bank Name, % Rate, Bank Name, % Rate.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, May 89, Aug 89, Stock.

ECONOMIC DIARY

TODAY: International chemical arms conference opens in Paris (until January 11). MONDAY: The Department of Trade and Industry gives figures for retail sales (November-final), credit business (November), and producer price index numbers (December-provisional).

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday January 6 1989, The Jan 5, The Jan 4, The Jan 3, Year ago (approx), High and Low Index, 1988/89, Size Completion.

FIXED INTEREST

Table with columns: PRICE INDICES, Fri Jan 6, Day's change, Thu Jan 5, % change, etc.

AVERAGE GROSS REDEMPTION YIELDS

Table with columns: British Government, 1 to 2 Coupons, 3 to 5 Coupons, etc.

GRANVILLE SPONSORED SECURITIES

Table with columns: Highest, Company, Price, Change, Gross Div, Yield, % P/E.

WORLD TEXTILES

The Financial Times proposes to publish this survey on: Wednesday, 22nd March, 1989. For a full editorial synopsis and advertisement details, please contact: BRIAN HERON or PHILIP DODSON on 061 834 9381 (telex 666813) or write to Financial Times, Alexandra Buildings, Queen Street, Manchester M2 5HT.

Which company... is re-building Reading Station? ... is selling luxury flats in Wimbledon? ... is hiring specialist plant nationwide? ... is working on oil rigs around the world? ... is providing computer personnel in Australia? ... has put the whole of the Electoral Register onto a computer data base? ... has provided share information offices for British Airports Authority, Rolls Royce and British Airways? ... has despatched 75 million pieces of mail in the last year? It may surprise you to learn that all these activities are carried out by Turriff Corporation. We are listed on the London International Stock Exchange and last year our profit before tax to 31 December 1987 rose 93% while earnings per share were up 45%. Our six month results to 30 June 1988 showed further gains with our profit before tax up 98% and earnings per share up 37% for the half year.

INTERNATIONAL COMPANIES AND FINANCE

Share purchases soar as LVMH battle resumes

By Paul Betts in Paris

THE BATTLE for control of Moët-Hennessy-Louis Vuitton (LVMH), France's leading champagne, cognac and luxury products group, has erupted again after a brief truce, sending LVMH's share price to new heights on the Paris bourse.

Concern in Japan over financing of buy-outs

By Patil Waldmeir in Tokyo

JAPAN'S regulatory authorities yesterday expressed concern about the risks involved in financing leveraged buy-outs, as the country's commercial banks finalised decisions on whether to help fund Kohlberg Kravis Roberts' \$25bn buy-out of RJR Nabisco, the US food and tobacco group.

Egypt's soft drink makers lose their fizz

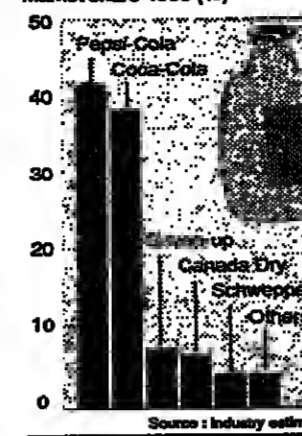
Tony Walker reports on mounting competition in the Arab world's biggest market

When Seven-Up first appeared on the Egyptian market a decade ago, the small, green bottles of lemonade were in such demand that distributors were obliged to assign additional men to "ride shotgun" on the delivery trucks to guard against possible hijack.

Mr Ismail Osman, chairman of Schweppes-Egypt, which produces traditional Schweppes products such as tonic water and fruit juices, said the company's difficulties were partly attributable to competition from heavily subsidised public sector products.

Soft drinks in Egypt

Market share 1988 (%)



Source: Industry estimates

ou to an existing state-controlled sector new private companies that are obliged to operate under different rules. The industry, producing what in most countries would be regarded as a luxury item, would seem to be an ideal candidate for privatisation.

new products such as diet soft drinks and new bottle sizes to achieve an edge over the competition. Both Coca-Cola and Pepsi have been marketing diet products bottled in Egypt and are finding that demand exceeds supply.

Chemical responds to Minorco loan critics

By Karen Zagor in New York

CHEMICAL BANKING, the fifth largest US bank group, has said that in future it will not provide funds to companies controlled by South African investors. It was responding to critics of its role as a key financier of Minorco's \$2.5bn (\$2.5bn) hostile bid for Consolidated Gold Fields.

Nippon Life considers holding in Benetton

By Alan Friedman in Milan

BENETTON, the Italian clothes maker, is holding discussions that could lead to the acquisition of a minority share stake by Nippon Life, the leading Japanese insurer.

TransCanada PipeLines sheds unit in reshaping

By David Owen in Toronto

TRANSCANADA PipeLines (TCPL), the Canadian energy utility 49.1 per cent owned by BCE, is to spin off Encor Energy, its upstream oil and gas subsidiary, as part of a restructuring and recapitalisation programme.

BP plans one brand for US petrol stations

By James Buchan in New York

BRITISH Petroleum, the UK oil company which is reshaping its public image to account for big changes in its international business, intends to organise its far-flung US petroleum marketing operations under a single brand name.

WORLD COMMODITIES PRICES

Table containing various commodity price listings including Weekly Price Changes, London Metal Exchange, New York, Chicago, and various international markets like SOYABEAN, COCOA, and RUBBER.

COATINGS & PAINTS WORLDWIDE. The Financial Times proposes to publish this survey on: Wednesday, 1st March, 1989. For a full editorial synopsis and advertisement details, please contact: BRIAN HERON & PHILIP DODSON.

Handwritten signature or note at the bottom center of the page.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

THE DOLLAR rose sharply in currency markets yesterday, as comments by a West German bank official overshadowed a neutral set of US employment figures for December.

that the central bank was probably acting more to smooth the dollar's rise, rather than change its direction. The dollar finished at DM1.8140, its best closing level since the middle of October.

£ IN NEW YORK

Table with columns for Jan 6, Jan 7, and Jan 8, listing exchange rates for various currencies.

STERLING INDEX

Table showing the Sterling Index for various currencies (DM, SF, etc.) on Jan 6 and Jan 7.

CURRENCY RATES

Table of currency rates for various countries including Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies like the Australian Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table listing other currencies such as the Argentine Peso, Brazilian Real, etc.

FORWARD RATES AGAINST STERLING

Table showing forward rates for various currencies against the Sterling.

MONEY MARKETS

UK rates steadier

UK interest rates traded within a narrow range in London yesterday. Sterling's slightly weaker tone failed to have any impact on interbank rates.

The Bank of England forecast a shortage of around \$550m, which was revised to \$200m and then bank to \$550m, with factors affecting the market including bills maturing in official hands.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot and Forward rates for various currencies against the Pound.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot and Forward rates for various currencies against the Dollar.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and maturities.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies and maturities.

LIFFE LONG GILT FUTURES OPTIONS

Table showing LIFFE Long Gilt Futures Options.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options.

LIFFE FT-SE INDEX FUTURES OPTIONS

Table showing LIFFE FT-SE Index Futures Options.

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LIFFE FT-SE INDEX FUTURES OPTIONS

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Handwritten note: "LIFE LINE"

Investor's Guide to the Stock Market by Gordon Cummings. Includes text about learning to turn a gamble into a calculated risk, and a table for order forms.

FT FINANCIAL TIMES CONFERENCES EUROPEAN MERGERS & ACQUISITIONS. Includes details about the conference on Feb 7 & 8, 1989 in London, and a list of speakers.

WORLD STOCK MARKETS

Main table of stock market data including sections for NEW YORK (DOW JONES), CANADA (TSX), AUSTRALIA, FRANCE, ITALY, SWEDEN, and SWITZERLAND. Each section lists various stocks with their respective prices and changes.

NEW YORK DOW JONES

Table showing Dow Jones index performance for January 6, 1989, including high and low values and percentage changes.

INDICES

Table of various stock indices including S&P 500, NYSE Composite, and NASDAQ, along with their performance metrics.

CANADA

Table showing Canadian stock market indices such as the TSX 300 and various sector indices.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York, including company names, prices, and volume.

AUSTRALIA

Table showing Australian stock market indices and performance.

FRANCE

Table listing French stock market indices and performance.

ITALY

Table listing Italian stock market indices and performance.

SWEDEN

Table listing Swedish stock market indices and performance.

SWITZERLAND

Table listing Swiss stock market indices and performance.

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Table listing Swiss stock market indices and performance.

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SWEDEN

Table listing Swedish stock market indices and performance.

SWITZERLAND

Table listing Swiss stock market indices and performance.

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WORLD STOCK MARKETS

Heavy engineering tops world league in 1988 battle of the sectors

THE clever - and now wealthier - global investor for 1988 was the one who checked out... Heavy engineering, issues, base metals and car makers were up. Food manufacturers, precious metals and pharmaceuticals were out. That is, at least, on a year-long view...

forming sectors in 1988 - as industry worldwide went on a spending spree to cope with capacity constraints. Statistics from James Capel show that total fixed investment, covering both the public and private sectors, jumped by 13.7 per cent in Japan last year...

Table with 2 columns: Sectoral performance worldwide % change in local currency terms 31/12/87 to 30/12/88. Rows include TOP FIVE, BOTTOM FIVE, and various industry sectors like Heavy eng/ship/bldg, Metals/minerals, Property, etc.

per cent - in line with its domestic market - while in the US, General Motors finished the year up 35 per cent, better than the US market's 12.6 per cent climb.

In Europe, however, concern about the effect of the weak dollar on luxury car sales and lingering worries about prospects for the whole industry kept share price gains in check. The European car sector rose by just over a quarter, but 1988 would be better than the spring and autumn.

manoeuvres, with only a few stocks standing out. The industry was another beneficiary of healthy consumer demand, as strong sales of such goods as dishwashers, microwave ovens and cars helped increase demand for plastics, but share prices rose worldwide by just 15.3 per cent.

Table with 2 columns: Sectoral performance Europe ex-UK; % change in local currency terms 31/12/87 to 30/12/88. Rows include TOP FIVE, BOTTOM FIVE, and various industry sectors like Electronics/instrument, Bus aeri/comp s'ware, etc.

predictable than the cyclical. Likewise health/personal care which rose by 22 per cent; people will always need aspirin and toothpaste.

choice - except in continental Europe, where it outperformed largely on the sharp rise in Swiss employment agency Adia. The best bet for this year? UBS Phillips & Drew likes engineering, construction stocks, and oil and utilities in Europe...

When it comes to poor performers, precious metals win the booby prize. The sector fell by 9 per cent last year, as the bullion price plummeted by almost a fifth during the year...

Hilary de Boer

AMERICA

Jobs figures send Dow past 2,200

THE NEWS of robust, but not excessive, growth in US employment helped to sustain Wall Street's new-found optimism for equities and pushed the Dow Jones Industrial Average decisively above 2,200 for the first time since the Black Monday crash...

for several days running. By 1:30 the Dow was 16.53 points up at 2,208.07, with around 106m changing hands on the New York Stock Exchange. Big Board advances led decliners by a margin of five to two.

rising 1/2 to 89 1/2, a price at which it yielded 9.062 per cent. Among the other factors pushing equities higher were the stronger than expected sales figures reported on Thursday by US car manufacturers and retail chains.

Canada ENCOURAGED by US employment figures Toronto stocks held most of their early gains, but gold stocks declined further after a weak opening. The composite index, up 15 earlier, rose 8.5 to 3,418.0 on volume of 14.4m shares.

EUROPE

Speculative fervour engulfs Paris

THE FRENCH market was again the star in Europe, while Milan, Madrid and Stockholm were closed for Epiphany, writes Our Markets Group. PARIS had a spectacular session with volumes soaring and shares chasing each other higher throughout the session.

change hands in Paris, jumping 11 per cent. Speculative stock Perrier rose 36.3, or 4.1 per cent, to FF1,612 on 85,000 shares and Pernod climbed FF730 to FF1,305 on 55,000 shares.

The story depressed other chemicals and the broader market. But Metallgesellschaft managed a DM14.80 rise to DM389.80 on a re-evaluation of the sector and speculation that Siemens's Wallenberg group was interested in a stake.

One analyst said the market's strength was "amazing" given its rise late last year and the fact that many fund managers were still on holiday. Steels and non-ferrous metals shone on confidence that 1989 would be a good year for the sector.

ASIA PACIFIC

Defence stocks feature as Nikkei slows

RENEWED concern about the Emperor's condition and a weakening of the yen cast a shadow over the market, but interest in issues with specific incentives helped share prices post a modest gain, writes Michio Nakamoto in Tokyo. The Nikkei average had shot up 111.48 in early trading only to slip once more as investors grew hesitant in the face of a deterioration in the Emperor's health and a falling yen.

teplay evening was another incentive for participants to refrain from active buying. Most investors were not especially concerned about the US unemployment data but the circumstances that given the circumstances, there was no need to rush into the market.

Oil companies rallied on rumours that Saudi Arabia had approached Japanese oil refiners to discuss the possibility of forming links. Cosmo Oil, third most actively traded at 32.4m shares, advanced Y180 to Y1,190.550.

Roundup THE tone was firm in Asia Pacific markets following two days of solid gains on Wall Street. HONG KONG ran into widely expected profit-taking which prevented the Hang Seng index from closing at a post-crash high for the second day running. The index never-

theless managed to end 8.11 better at 2,765.65. Turnover was active at HK\$1.42bn but less than Thursday's HK\$1.81bn.

Properties continued to lead gains, with Cheong Cheong Koi, a leading maker of air craft and marine instruments, which depends for about a third of its sales on Defence Agency contracts, rose Y200 to Y1,490 in active trading.

INSURANCE World Insurance Report is recognised in the industry as the best in its field. Every two weeks it brings readers the most concise and pertinent review available of international non-life insurance and reinsurance news.

WORLD POLICY GUIDE A unique, comprehensive monthly listing of new policies and programmes in all insurance classes available each month worldwide PLUS a clause by clause analysis of London market policy wordings.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/West Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with 4 columns: NATIONAL AND REGIONAL MARKETS, THURSDAY JANUARY 5 1989, WEDNESDAY JANUARY 4 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, Europe Ex-UK, Pacific Ex-Japan, World Ex-US, World Ex-UK, World Ex-Switzerland, World Ex-Japan, The World Index.

Three essential insurance publications from the FTBI Insurance Group: WORLD INSURANCE REPORT, WORLD LOSS REPORT, WORLD POLICY GUIDE.

World Insurance Report, World Loss Report, World Policy Guide. Each section describes the content and benefits of the respective publication.

Subscription information for the insurance publications, including contact details for Danielle Banks, FTBI Insurance, Marketing Department, Tower House, Southampton Street, London WC2E 7HA.

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallman system.

Corporation and County

Stocks No. of bargains included 6 London County & Dub Corp 182000 etc... 182000 etc...

UK Public Bonds

No. of bargains included 3 Agricultural Mortgage Corp PLC 6% Deb 8/85-12/1...

Foreign Stocks, Bonds, etc.

No. of bargains included 11 Aberdeen City Council 5% Deb 1/87-1/92...

Staring Issues by Overseas Borrowers

No. of bargains included 38 Asian Development Bank 10% 1/88-1/92...

Banks and Discount Companies

No. of bargains included 1012 Bank of Ireland 6% 1/88-1/92...

Breweries and Distilleries

No. of bargains included 443 Allied-Lyons PLC 10% 1/88-1/92...

English Electric Co Ltd 7% Deb 8/89-1/92... 800 Group PLC 15% Cum Prt 21-43...

Commercial, Industrial, etc. No. of bargains included 13612 AAH Hedges PLC 2% Cum Prt 21-85...

Unit Trusts No. of bargains included 55 M.A.C. & General Fund Inc 30... Northern American Trust PLC 3% Cum Prt 21-43...

Mines - South African No. of bargains included 53 Barmas Exploration Ltd 10% 1/88-1/92... Anglo-American Platinum 10% 1/88-1/92...

Water Works No. of bargains included 10 British Waterworks Co 5% 1/88-1/92... City of London Water 5% 1/88-1/92...

USM Appendix No. of bargains included 88 Apollo Metals PLC 10% 1/88-1/92... British Petroleum PLC 10% 1/88-1/92...

Financial Trusts, Land, etc. No. of bargains included 326 Anglo Trust PLC 11% Cum Subord Un... Anglo Trust PLC 10% 1/88-1/92...

Insurance No. of bargains included 223 Commercial Union Assurance PLC 5%... Commercial Union Assurance PLC 5%...

Investment Trusts No. of bargains included 157 Australia Investment Trust PLC 10%... Australia Investment Trust PLC 10%...

Property No. of bargains included 453 Allied London Property PLC 3% Cum Prt... Allied London Property PLC 3%...

Shipping No. of bargains included 168 Bosphorus 5% 1/88-1/92... Bosphorus 5% 1/88-1/92...

Utilities No. of bargains included 10 British Gas PLC 5% 1/88-1/92... British Gas PLC 5% 1/88-1/92...

Plantations No. of bargains included 6 Anglo-Eastern Plantations PLC 10%... Anglo-Eastern Plantations PLC 10%...

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Advertisement for 'International' magazine. Text: 'FREE - News on money if you're living abroad.' Includes a coupon for a free copy.

Handwritten signature and date at the bottom of the page.

LONDON STOCK EXCHANGE

FT-SE Index closes above 1800

THIS LONDON equity market wound up the week in confident mood with firmness in the US dollar and in most other global stock markets offsetting less favourable developments on the home front.

Account Dealing Dates table with columns for dates and descriptions.

Although it is an open secret that other leading trading firms will shortly consider trimming or rationalising their market trading operations...

Crash highs in German and Japanese equity markets. Once again a scattering of special situations enlivened London, notably the much-awaited defence document from Plessey...

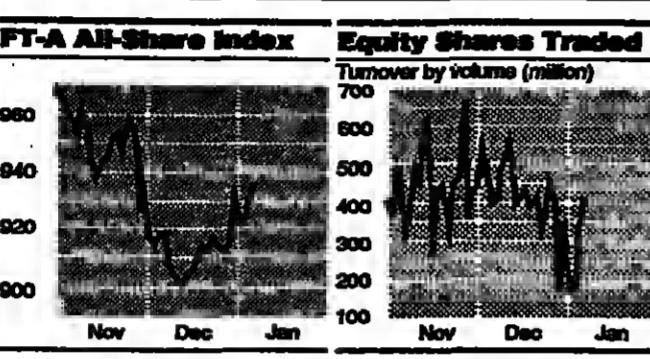
week. Seag turnover of 456.2m shares yesterday against Thursday's 488m again indicated a return to somewhat more satisfactory trading levels.

FINANCIAL TIMES STOCK INDICES

Table with columns for stock indices (Government Bonds, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, etc.) and their values for 1988/89 and previous years.

Heavy electronic business

The Plessey offer document was fully posted to shareholders and was accompanied by plenty of action in shares of Plessey and GBC which, jointly with Siemens...



London ticked higher when a series of early trades aroused suspicions of an impending development in the long-running Bond Corporation saga.

owns a 38 per cent stake in LVMM with Financière Apache, and the word in Paris was that Apache was adding to its holding in LVMM...

Speculators were also taking their money in United Bicuits, but dealers said that they were matched at every level by buyers.

Nomura likes ICI. Late dealings saw a sharp gain in shares of ICI, where Nomura Securities went the rounds of its market making rivals bidding for stock.

Table titled 'NEW HIGHS AND LOWS FOR 1988' listing various companies and their price movements.

Yet the sector shrugged off these worries, with stocks closing higher across the board. Sears gained 3/4 at 112p (turnover 5.3m).

French investors continued to display a healthy appetite for shares of Eurotunnel which raced to a new peak of 543p, up 33.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various major stocks (e.g., ICI, GBC, Siemens, etc.) with columns for volume, price, and change.

described the buying as speculative and said it was not connected to yesterday's news that the acquisition from Bevesys Bros had escaped referral to the Monopolies & Mergers Commission.

Turnover in traded options reached the modestly high total of 34,121 contracts, consisting of 25,647 calls and 8,474 puts on the back of 6,396 contracts in the FT-SE 100 index.

Table titled 'LEADERS AND LAGGERS' showing percentage changes for various sectors (Electronics, Insurance, etc.).

Table titled 'BENCHMARK GOVERNMENT BONDS' showing coupon, red date, price, change, yield, and week/month ago for various countries.

WEEK IN THE MARKETS

Coffee climbs to 11-month high

LONDON COFFEE futures have begun 1989 with a performance which most traders would have considered scarcely possible only a few months ago.

Concern about supply tightness continued to be the driving force in both markets, with sterling's decline against the dollar adding further fuel to copper's rise.

highest levels since last March. In contrast the cocoa market remained in the doldrums, in spite of the long-awaited final confirmation of a deal to take surplus Ivory Coast beans off the market.

Top team formed at Commercial Union

Mr J.G.T. Carter and Mr A.B. Ward, general managers and directors of COMMERCIAL UNION ASSURANCE COMPANY, will form the corporate management team...



Mr Christopher Fox has become managing director of NORWEST HOLST DEVELOPMENTS, the group operating company responsible for all property development.

Changes at Waterford

WATERFORD GLASS has made the following appointments: Mr Paddy Byrne, chairman and chief executive of the Wedgwood Group, additionally has become chief operating officer for all Waterford Wedgwood Group activities in Ireland and the UK.



Mr Robert Ward-Jones has joined RENTOKIL as company secretary and group legal director designate. He was a director and company secretary at Air Products.

COMMODITIES

LONDON COFFEE futures have begun 1989 with a performance which most traders would have considered scarcely possible only a few months ago.

Another buoyant market has been freight futures. A shortage of tonnage available for chartering, following the booking of many vessels to carry grain to the Soviet Union...

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like Abbey Unit Trust, Abstract Management Ltd, and others.

Table listing unit trusts under the 'A' section, including Abbey Unit Trust, Abstract Management Ltd, and others.

Table listing unit trusts under the 'B' section, including Balfour Beatty, Baring, and others.

Table listing unit trusts under the 'C' section, including Capital Growth, Central Finance, and others.

Table listing unit trusts under the 'D' section, including Dabney, Dainton, and others.

Table listing unit trusts under the 'E' section, including Ebury, Ebury Growth, and others.

Table listing unit trusts under the 'F' section, including Fidelity, Fidelity Growth, and others.

Table listing unit trusts under the 'G' section, including Gannett, Gannett Growth, and others.

GUIDE TO UNIT TRUST PRICING. Section explaining how unit trust prices are calculated, including details on net asset value, charges, and rounding.

Handwritten note in Arabic script at the bottom center of the page.

Handwritten text at the top center of the page, possibly a signature or office name.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information, organized into columns for various trust categories such as 'United Charities Unit Trusts', 'Athena Life Insurance Co Ltd', 'Crest Life Group', etc. Each entry includes the trust name, price, and other financial details.

INSURANCES

Table listing various insurance policies and providers, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others.

Continued on next page

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-423-2128

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Price, and other details. The table is organized into multiple columns and rows, listing various investment funds and their current market prices.

IoM AUTHORISED

Table listing IoM authorised unit trusts, including names like Allied Dunbar International Fund and various international and domestic equity funds.

BERMUDA AUTHORISED

Table listing Bermuda authorised unit trusts, including names like Baring International and various international equity funds.

OFFSHORE INSURANCES

Table listing offshore insurance services and providers, including names like Allianz International and various international insurance companies.

JERSEY AUTHORISED

Table listing Jersey authorised unit trusts, including names like Jersey Overseas Fund and various international equity funds.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas unit trusts, including names like Offshore Fund and various international equity funds.

MANAGEMENT SERVICES

Table listing management services providers, including names like Management Services and various investment management firms.

GUERNSEY AUTHORISED

Table listing Guernsey authorised unit trusts, including names like Guernsey Overseas Fund and various international equity funds.

Handwritten signature or mark at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table for FT Unit Trust Information Service, listing various unit trusts with columns for name, value, and performance.

Main table for London Share Service, listing various share funds and bank accounts with columns for name, value, and performance.

Money Market Trust Funds
Money Market Bank Accounts
UNIT TRUST NOTES
AAB-Allied Bank Ltd

LONDON SHARE SERVICE

© Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-929-2199

AMERICANS - Contd. Table with columns for Stock, Price, and other financial data.

CANADIANS. Table listing Canadian companies and their share prices.

BANKS, HP & LEASING. Table listing banks and hire purchase/leasing companies.

BEERS, WINES & SPIRITS. Table listing various beverage companies.

BUILDING, TIMBER, ROADS. Table listing construction and infrastructure companies.

BUILDING, TIMBER, ROADS - Contd. Continuation of the construction sector table.

CHEMICALS, PLASTICS. Table listing chemical and plastic manufacturing companies.

DRAPERY AND STORES. Table listing retail and clothing companies.

ELECTRICALS. Table listing electrical engineering and services companies.

ENGINEERING - Contd. Continuation of the engineering sector table.

ENGINEERING. Table listing various engineering firms.

ENGINEERING. Another table listing engineering companies.

ENGINEERING - Contd. Continuation of the engineering sector table.

FOOD, GROCERIES, ETC. Table listing food and grocery retailers.

HOTELS AND CATERERS. Table listing hotel and catering companies.

INDUSTRIALS (Misc.) Table listing miscellaneous industrial companies.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INDUSTRIALS (Misc.) - Contd. Continuation of the miscellaneous industrial table.

INSURANCES. Table listing insurance companies.

LEISURE. Table listing leisure and entertainment companies.

Handwritten text at the bottom of the page: "مركز خدماتنا"

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

LEISURE - Contd. Table listing various leisure companies with columns for stock price, high, low, and percentage change.

PROPERTY. Table listing property-related companies with columns for stock price, high, low, and percentage change.

TEXTILES - Contd. Table listing textile companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

OIL AND GAS - Contd. Table listing oil and gas companies with columns for stock price, high, low, and percentage change.

MINES - Contd. Table listing mining companies with columns for stock price, high, low, and percentage change.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies with columns for stock price, high, low, and percentage change.

TOBACCO. Table listing tobacco companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

OVERSEAS TRADERS. Table listing overseas traders with columns for stock price, high, low, and percentage change.

PLANTATIONS. Table listing plantation companies with columns for stock price, high, low, and percentage change.

MISCELLANEOUS. Table listing miscellaneous companies with columns for stock price, high, low, and percentage change.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

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TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies with columns for stock price, high, low, and percentage change.

SHIPPING. Table listing shipping companies with columns for stock price, high, low, and percentage change.

SHOES AND LEATHER. Table listing shoes and leather companies with columns for stock price, high, low, and percentage change.

OIL AND GAS. Table listing oil and gas companies with columns for stock price, high, low, and percentage change.

FINANCE. Table listing finance companies with columns for stock price, high, low, and percentage change.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks with columns for stock price, high, low, and percentage change.

SOUTH AFRICANS. Table listing South African companies with columns for stock price, high, low, and percentage change.

TEXTILES. Table listing textile companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for stock price, high, low, and percentage change.

TRADITIONAL OPTIONS. Table listing traditional options with columns for stock price, high, low, and percentage change.

Notes and additional information regarding the share prices and data provided in the tables.

HONORBIT GROUP PLC CASUAL TROUSERS BY ORTIER Tel: 01-740 4488

FINANCIAL TIMES

Weekend January 7/January 8 1989

Royal Brinkley THE FINEST ENGLISH FULL LEAD CRYSTAL

Plessey document heightens bid battle

By Hugo Dixon THE £1.7bn bid for Plessey by General Electric Company of the UK and Siemens of West Germany is lacking in industrial logic and predictably mean, the UK electronics company claimed in a defence document published yesterday.

Budget date likely to be March 14

By Philip Stephens, Political Editor MR NIGEL LAWSON, the Chancellor, is expected to set Tuesday March 14 as the date for his next Budget following this weekend's strategy meeting with other Treasury ministers and senior officials.

Stock Exchange plans curbs on 'fair weather' market-makers

By Clive Wolman THE OBLIGATIONS ON Stock Exchange market-makers to transact bargains with each other and to publish all share deals immediately are likely to be ended as part of the first overhaul of trading rules introduced in the 1986 Big Bang reforms.

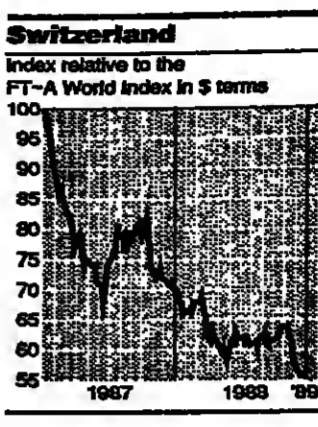
BSB plans public flotation to raise £500m

By Raymond Snoddy BRITISH Satellite Broadcasting plans to raise £500m through a public flotation.

The dangerous rise of the dollar

THE US AND UK equity markets missed out on the end-year rally which pushed most of the world's other major stock markets to post-crash highs, but they have begun to catch up this week.

FT Index rose 9.8 to 1,481.3



ture, the fact is that very few owners of an accredited UK defence contractor can be envisaged except as a contractor. This should be a warning against undue optimism on the price Plessey might fetch should the bid proceed.

Blue Arrow chairman

the relevant section of the Companies Act. Union Bank of Switzerland, the parent company of Phillips & Drew, also acquired shares in the placing. A further question is whether a complex indemnity agreement between County NatWest and Phillips & Drew may have had the effect of giving the former a discloseable interest in the latter's shares.

Chemical

Libya. However, Mr Shevardnadze said on his arrival in Paris last night that the shooting down of the Libyan aircraft 'poisons the atmosphere'.

Dollar rises sharply

against the Yen (¥ per \$) The Bank of Japan, are expected to attend the meeting. The dollar was given an additional boost yesterday by a strong set of US employment figures for December, which were seen as adding strength to arguments for an increase in the US discount rate.

Table with columns for FRANKFURT (DM), NEW YORK (\$), LONDON (Pence), and various stock prices.

Table with columns for PARIS (FFc), TOKYO (Yen), and various stock prices.

Table with columns for LONDON (Pence), and various stock prices.

Table with columns for WORLDWIDE WEATHER, listing cities and weather conditions.

Table with columns for Dollar, Yen, and exchange rates.

MONEY OBSERVER THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

MARKETS

FINANCE & THE FAMILY: THIS WEEK

Capital Bonds: the pros and the cons

Is it worth buying the new Capital Bonds, launched for sale this week by National Savings? You would have to look away from five years without getting any return but, for standard and high rate taxpayers, they do have the appeal of a government-backed guarantee of a known interest rate over that period. John Edwards examines the situation and finds there are complications. Page 11

Dawn of a new era

A new era has started. The banks, worried by increasing competition from building societies, are deciding to give a considerably better deal, not only in paying interest on current accounts but also in running small overdrafts without having to pay prohibitive charges. John Edwards spells out the changes. Page 11

Don't judge too soon

At the end of 1988, an unhappy year for the UK stock market, the shutters were down at many fund management groups. But is it all bad news? Heather Farmbrough looks at trusts and points out that a year is a short time to make a judgment. Page 11

Awaiting the mortgage shock

For those whose housing loans are adjusted annually, the latest mortgage increases will hit with a vengeance. But, says Richard Waters, don't spare too much sympathy for these people. They have paid a lower rate than many others for several months. Page 14

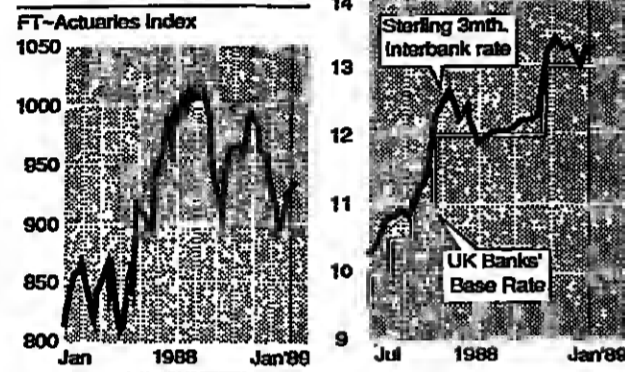
London Life: the latest

The board of the London Life assurance company this week renewed its battle to achieve approval from policy-holders of its proposed merger with the Australian Mutual Provident Society. Eric Short details the latest developments. Page 14

EXPATRIATES: Why exercise is important Page V

BRIEFCASE: Your questions answered Page V

Food Manufacturing



Foods sector bites back

MAIN EXCITEMENT in the London stock market over the Christmas and New Year holiday period was the performance of the foods sector. The initial interest was provided at the tail-end of 1988 by the nail-biting climax to Iceland Frozen Foods' battle for Bejam, which the former won on the very last day. The momentum was then maintained by the news of Irish milkers Larry Goodman's 8 per cent stake in dairy group Unigate; dealers speculated that Goodman was part of a European consortium preparing a bid.

Subsequently, there was follow-up interest in both leading and second-line stocks, with United Biscuits traded the most actively as speculators flocked to the stock, attracted by talk of a bid from either Switzerland's Jacob Suchard or France's BSN. Then, Frankis Hoivis McDougall caught the eye amid suggestions that major shareholder Goodman Fielder of Australia had found a buyer for its 30 per cent stake.

The one glaring exception in the sector was confectioner Cadbury Schweppes, which fell sharply as likely US bidder General Cinema ran into trouble with the \$1.5bn sale of its bottling interests to PepsiCo. Patrick Harverson

Rates may rise again

Nigel Lawson, the Chancellor, warned earlier this week that he was prepared to raise interest rates again if that was required to cool growth in the economy. He has certainly shown no squeamishness in doing so previously, as the chart above shows. Since last summer, interest rates have been raised nine times. In the City, there is broad agreement that high interest rates will damp down excessive consumption. The only unresolved issue is whether a 13 per cent base rate will be enough. Many think they will, but even the most optimistic concede that rates could go higher before they begin to fall. Simon Holberton

Royal Bank axes trusts

ROYAL BANK of Canada announced yesterday that it has pulled out of the unit trust business in the UK. It has sold its four UK unit trusts - Select Growth, Select Income, Select North American and Select International - to Windsor Life. The bank said that its decision was reached because of difficult stock market conditions and low investor activity, coupled with the impact of the Financial Services Act. John Edwards

Big fall in savings

Personal savings fell in the three months from July to September to the lowest level since figures were compiled, according to the Central Statistical Office this week. The savings ratio - defined as a proportion of personal disposable incomes - dropped during that period to only 1.3 per cent. This compared with 2.1 per cent in the previous period (April-June) and 5 per cent for the whole of 1987. The fall has brought speculation that the Chancellor will concentrate on measures to boost savings in his coming Budget. John Edwards

A WHOLE-HEARTED chorus of approval is being given by London's mining analysts to the agreement in principle reached this week for the RTZ Corporation to buy British Petroleum's world-wide mineral assets for \$4.33bn (\$2.4bn).

"It is a very unusual deal in that it is very good for both companies," says Enan Worthington, of Warburg Securities. "BP did not expect to get such a good price, but it was a once-in-a-lifetime opportunity for RTZ which had to be grabbed."

Andy Smith, of Phillips & Drew, reckons RTZ is "getting world-class assets at a bargain price" while Mark Wollsey-Wood, at Kleinwort Benson, suggests: "This is a brilliant deal for RTZ. It could not have done a better deal in the natural resources area and is a marvellous strategic move."

The stock market has reflected this confidence and the RTZ share price rose steadily this week, even though the deal could see the group borrowing cash equivalent to roughly three-quarters of its market capitalisation, leaving it geared highly and even more exposed to some of the world's more cyclical metals businesses.

The deal RTZ couldn't refuse

RTZ already is the dominant supplier of minerals to the world's industries, with interests in 40 countries. It mines and smelts most major metals: aluminium, copper, iron, lead, zinc, silver and gold, and its speciality minerals include borax, potash, silica sand and industrial diamonds. It produces energy raw materials from Australia and Canada (coal) and Namibia and North America (uranium).

Derek Birkin, the chief executive, says the BP deal fits RTZ's strategic aims precisely by increasing the group's involvement in gold production, expanding its industrial minerals business, establishing a new source of uranium, and adding more low-cost base metal properties.

If the deal goes through, RTZ will for the first time become a major player in the gold market and will boost its financial share of western world copper output from 4 per cent to 6.5 per cent, while its share of uranium production would go up from 9 per cent to 10 per cent.

This is the world leader in supplying titanium dioxide feedstocks to the pigment industry, with 40 per cent of the market. The use of titanium dioxide has grown steadily to replace competitors such as clays and kaolins. QIT also has a 42.5 per cent stake in Richards Bay Minerals in South Africa, the major producer of titanium ores.

Another plan in the BP package is QIT-Per at Titane based in Montreal, Canada.

LONDON

Extravagant hopes take a nose-dive

THE CITY normally manages to ignore the rises and falls in the unemployment rate but this week traders have, for once, been more interested in news of job losses than in movements in the FT-SE 100 index. The iron laws of supply and demand, which previously caused mass redundancies in "smokestack" industries such as steel and ship-building, are now affecting the business of securities trading.

On Wednesday, Security Pacific Europe Government announced that it was pulling out of market-making in gilts and Eurobonds. The decision meant around 135 job losses in London and 15 in Geneva plus a further 50 in Tokyo, where the group is withdrawing from the business of selling Japanese securities to local investors.

The news illustrated further how the extravagant hopes of a vast and permanent increase in securities turnover, post-Big Bang, have proved unfounded. Hoare Govett had been one of the three largest and most profitable gilt brokers before the Big Bang changed dramatically the way that UK government securities were traded.

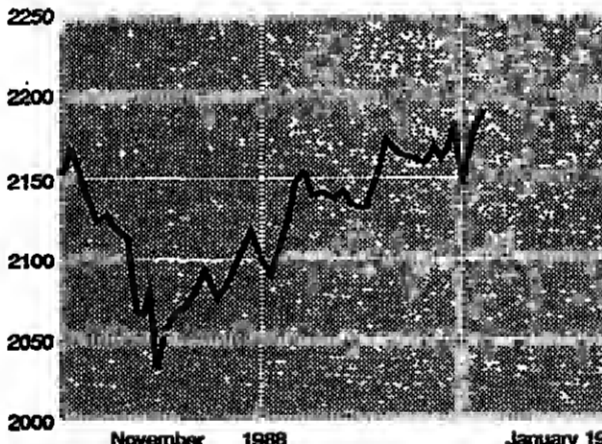
HIGHLIGHTS OF THE WEEK

Table with columns: Price y'day, Change on week, 1988/89 High, 1988/89 Low, Firm or Dollar. Rows include FT Ord. Index, Benlux, Burmah, Capital Radio, Courtaulds, Eurotunnel Units, GEC, Iceland Frozen Foods, Johnstones Paints, March Group, Piccadilly Radio, Sook Shop, THORN EMI, United Biscuits, Wm. Blake, Beane.

WALL STREET

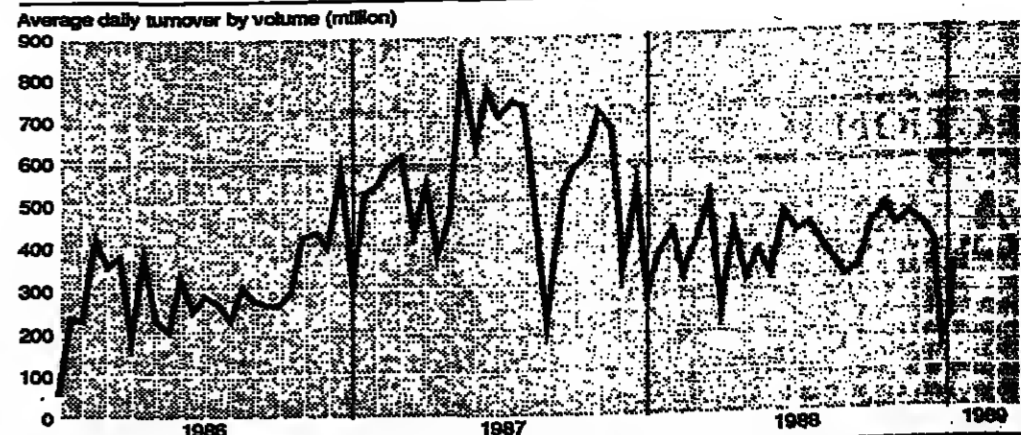
Back to the magic mark

Dow Jones Industrial Averages



It happened again this week. On Thursday, the Dow rose as high as 2,305, almost midway before falling back to 2,190, which was still a new post-crash peak. Yesterday morning, the market tried a second time, gaining around 11 points within the first few minutes of trading. Although it had retreated below 2,200 by lunchtime, the indications seemed to be growing that the bulls finally would prevail.

Stock Exchange Equity Shares Traded



Results were thin on the ground and the main corporate news of the week was BP's decision to spend \$2.4bn buying back 11.7 per cent of its shares from the Kuwait Investment Office. The deal allows the KIO to comply with the Government's order to cut its stake, acquired in the aftermath of 1987's disastrous share offer, back to 9.9 per cent.

It appears an expensive way for BP to rid itself of a stock overhang but the cost was cushioned by the sale, announced the same day, of BP's mineral operations to RTZ for \$4.33bn (\$2.4bn).

Another group which has long been faced with one large shareholder, publisher William Collins, this week admitted defeat and advised shareholders to accept a bid from Rupert Murdoch's News International. The multinational media group had offered a 41.7 per cent stake in Collins ever since an earlier bid failed in 1981.

The Government's budget surplus means that the gilts market looks set for a period of contraction

bobbing along with further statistical evidence this week. Figures showed that personal savings fell to a proportion of income for a record level in the third quarter of last year, indicating the strength of the consumer boom. However, doubts were raised about the accuracy of the statistics and, in any case, they related to a period before the base rate rises started to bite on con-

dend growth this year. While the market remains undecided about the "soft landing" debate, the FT-SE 100 index managed to break through the 1,800 barrier on Friday, helped by a buoyant Wall Street which achieved a post-crash high.

JUNIOR MARKETS

Blood-letting on the USM

IF YESTERDAY'S withdrawal from market-making by Chase Manhattan is part of a trend, it could spell trouble for USM investors. Taken together with the departure of Morgan Guaranty and the virtual exit of Citicorp Scribner Vickers from USM market-making last month, it raises the spectre of more volatile prices, greater difficulty in buying shares, and the risk of getting locked into particular holdings.

By itself, however, Chase's decision should not prove too significant for USM. It is estimated to have made markets in about 50 USM stocks so, although it had an important role in making markets for its own corporate clients, it was not in the same league as the big players such as Winterlood Securities, County NatWest and BZW which deal in most, if not all, USM companies.

However, few people see Chase's withdrawal as an isolated event. More blood-letting is likely, according to Brian Winterlood, who heads Winterlood Securities. "People are still spending a pound to make 50p," he says.

The cut in the number of market-makers has already made it more difficult to trade in USM companies. "There is a general feeling that liquidity has got tighter," says Gary FitzGerald, a USM companies fund manager at Throgmorton Investment Management.

ANATOLE KALETSKY

least \$6bn putting together its minerals operations since 1980 but write-offs have left them with a balance sheet value of \$3bn.

RTZ is taking the assets, but hardly any liabilities - responsibility for only \$60m-worth of joint-venture project financing - and has lined up all the necessary cash already. If RTZ did borrow all the money, its gearing would go from all to 60 per cent; but Warburg's Worthington suggests operating profits from the BP assets could be about \$270m this year, more than enough to cover interest charges if the money was borrowed in the US.

Whatever the outcome, RTZ will have "got back to basics" and will clearly be mainly a mining group. It will have ended a five-year period where, according to Wollsey-Wood, "it seemed as if it could not make up its mind whether it was an industrial conglomerate or what. The uncertainty has now been removed and that is good for any stock."

Kenneth Gooding

Fiona Thompson & Vanessa Houlder

FINANCE & THE FAMILY

Dawn of a new banking era

THE NEW YEAR has opened on a happy note for customers of the main clearing banks. On Thursday, Lloyds launched its interest-bearing current account called Classic...

ago - on February 20. Midland says the strategy is an extension of its approach to banking started by Vector, which has attracted more than 200,000 customers...

John Edwards on the National Savings Capital Bonds

A boost for non-taxpayers

IS IT worth buying the new Capital Bonds, just launched for sale this week by National Savings? It is the first new product for three years from National Savings...

on the amount that can be bought (the minimum purchase is only £100) is one of the new features of Capital Bonds. So is the fact that when the two-year term ends there is no further interest and the capital sum together with accrued interest (described misleadingly as the capital growth) is repaid immediately.



When making a comparison with alternative investments, such as building society and bank deposit accounts it should be borne in mind that the composite rate tax (CRT) automatically deducted at source is only 25.5 per cent and this will be lowered to 21.75 per cent from April.

there are several guaranteed bonds, issued by insurance companies, that pay a slightly higher rate than the Capital bond, and are considerably more flexible. You can choose between one to five-year periods, receive income on a yearly basis or use the tax advantage to protect your age allowance...

For every £100 invested you get £176.24 at the end of five years, which National Savings somewhat controversially is promoting as 'capital growth' even though the gain is, in fact, liable to income tax.

Rankings tell a good story

FOR HUGH Young, the 30-year-old manager of Abtrust Far East Emerging Economies and Abtrust Pacific, 1988 was a good year for corporate profits and share prices. In happier times, he would no doubt have received a few calls from headhunters...

time. Her top holdings are Singapore Airlines, Cathay Pacific, Singapore Land, New World and New World Warrants and World International. Fidelity had a good year in 1988. Its South-East Asia fund was eighth and its European fund 11th in Europe...

Heather Farmbrough

COMPANY NOTICES

TRAFALGAR FUND S.A. société anonyme Registered Office: LUXEMBOURG, 14, rue Aldringen Commercial Register Section B No 8202

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The Extraordinary General Meeting of Shareholders of TRAFALGAR FUND S.A. will be held at its registered office in Luxembourg, 14, rue Aldringen, on 16 January, 1989 at 11 a.m. for the purpose of considering and voting upon the following matters:

BUSINESSES FOR SALE

FOR SALE Highly professional Design and Marketing Company. Northern Based with national clients seeks outright sale. Annual turnover 600-750K primarily below the line...

NORTH WEST (M/C/R) SNOOKER CENTRE 17yr lease. T/O £300,000 pa. Principals only. No time wasters. Write Box 14239, Financial Times, 10 Cannon Street, London EC4P 4BY

HOVE Unique luxury modern residence. 1st floor sun lounge with 30' x 10' hot tub giving extensive sea views. 4 beds, 3 baths, drawing rm, dining rm, 2 kitchens, beach patio to private beach. 2 garages. G.C.H. D.G. Freehold £250,000. Tel: (0273) 414766

WEEKEND BUSINESS ENTERPRISE ZONE OPPORTUNITY Sale of industrial building offered. Profitable building is owned by small profitable manufacturing business. Purchaser would receive good returns on rental (up to 10%) plus zone benefits of 100% F.V.A. and others. Please contact A.P. Owen of Wynnons Ltd. 0205 22888

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Table with 2 columns: Performance Funds and Fund Performance. It lists various funds like Abtrust Far East Emerg Economies, Abtrust Pacific, etc., along with their performance metrics for different periods.

HOTEL FOR SALE North Cornwall coast near Devon border. Freehold Hotel with 34 letting bedrooms, 22 being en suite. Delightful public rooms. Owners two bedroom suite. Turnover ex VAT £188,000. Price £450,000 S.A.V. H3141. 95351 LTD 196 Commercial Road, Bournemouth BH2 1JX Tel: 0202 291728

Source: Mergal Ltd *Offer to bid received

FINANCE & THE FAMILY

For those whose loans are adjusted annually the increases will hit with a vengeance

Awaiting the shock

AMID THE general depression about mortgage rates, there are some who are a bit more depressed than others...

What has happened to the extra interest they have avoided by being in the Budget Plan? This has still accrued...

Interest paid during the year is then used to reduce the outstanding mortgage. It is, therefore, a clear case of swings and roundabouts...

Both Abbey and Halifax have lower rates for borrowers with larger mortgages. Abbey is holding the rate to 12.85 per cent for mortgages of over £60,000...

could increase from £187.98 to £268.58, if they opt to pay off the extra interest over the next year. This is a whopping overnight rise of 43 per cent in their mortgage repayments...

London Life moves to secure approval for merger with Australian Mutual Provident

The battle is renewed

The Board of London Life this week renewed its battle to achieve approval from policyholders of a proposed merger with Australian Mutual Provident...

So the fact remains that London Life policyholders in approving the merger will be surrendering control to AMP. In future their vote would be related to the composition of the main AMP board...

Realistically the choice facing London Life policyholders is whether to approve the merger, for positive or defensive reasons, or let the company struggle along on its own...

A flurry of fixed rates

AS THE expected bout of mortgage rates rises took hold at the end of last week, a flurry of fixed rate mortgages appeared on the market...

Barclays has chosen a new rate of 13.75 per cent. Although this appears higher than the other schemes, it has a different method of charging and a better comparison is provided by the respective APRs...

Richard Waters. Those policyholders who have been pressing for a merger with Equitable Life...

Sheltered homes cash scheme

BUSINESS Expansion Scheme sponsors have found a way to raise money for sheltered housing under the umbrella of an assured tenancy scheme...

old BES limit. So Chancery sponsors have found a way to raise money for sheltered housing and nursing care business in to an assured tenancy scheme...

COMPANY NEWS SUMMARY

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists companies like Argyle Trust, Aramco, and others.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists companies like First Nat Fin, Macdonald Elec, and others.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim dividends. Lists companies like AMI Healthcare, Hollis Group, and others.

Retailers hold centre stage

ESCALATING interest rates, and their effect on retail markets, may be a theme that emerges as company results begin to build up again next week...

Body Shop's Anita Roddick. Wednesday also features straightforward niche retailing in the results from Sophie Mirman's Sock Shop...

William Cochrane. Other names due next week include Tomkins (Interim, Monday), TVS Entertainment...

GAM GLOBAL ASSET MANAGEMENT. GAM has been ranked first in the Micropal survey of UK unit trust management groups for the relative performance of its unit trusts for calendar 1988.

TSB's Sir Nicholas Goodson. However, retail banking is not what it was. Banks used to respond beautifully to interest rate rises...

RESULTS DUE

Table with columns: Company, Announcement Date, Dividend (p), Last Year, This Year. Lists companies like Abbey Panels, Alexander Holdings, and others.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY.

Table with columns: Cleared Bank, Building Society, National Savings, Money Market Account, UK Government Stocks. Lists various financial products and their interest rates.

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Timeshare aims to polish its image

THE TIMESHARE industry had a bad year in 1988, although largely of its own making. But the British sector is hopeful that the lessons learnt will help it to establish a more acceptable image in 1989.

But Consumer Affairs minister Eric Forth told a recent TDA seminar that while a lot had been achieved in a short time to clean up the industry, the Government wanted standards to be raised. It looked to the TDA to sharpen its code and ensure that members complied with it.

Industry plans shake-up after a bad year, says Audrey Powell

The name has been altered from Multi-Ownership & Hotels to Barratt International Resorts (BIR). The company has a new managing director, Doug Eaton, and a new address: Consort House, Consort Way, Horley, Surrey. Eaton feels the next move is to bring the company's older resorts up to standard, so it is spending £10m refurbishing and updating. After all, its project at Loch Rannoch in Scotland is Britain's first timeshare resort, now sold out completely to 4,000 owners - was started back in 1975.

Costain has a majority interest and details can be obtained from Clowance House, Princes-Beagle, Camborne, Cornwall. Another similarity between these two schemes is that both have aimed to do something for the community. Kenmore is 20 miles from Ptilochry, and in 1987 and 1988 it sponsored the Ptilochry Festival Theatre.

Exchange networks play an important part in timeshare. Few people would want to holiday always in the same place. Through Resort Condominiums International (RCI) or Interval International - the two principal exchange organisations - owners can swap weeks in other projects around the world.



Chalets at the Barnsdale Country Club in Leicestershire, the UK's most expensive timeshare

RCI operates a space-bank system under which you must first "deposit" your own week and then give a range of choices.

Interval International (57 Mortimer Street, London W1N 7TD, tel 01-631-1765) claims that it goes for quality as opposed to RCI's numbers. Interval awards five stars to the best projects on its register, which make up 20 per cent. It does not use the space bank system; members are asked first to choose an exchange location. Only when they have been fixed up with a satisfactory exchange do they "deposit" their week.

Interval's list of 500 timeshare resorts world-wide includes the new Barnsdale Country Club on Rutland Water, Leicestershire, the UK's most expensive timeshare. Apartments range up to £17,000 for annual weeks for 40 years. Information from Barnsdale, Exton or Oakham, Rutland, Leicestershire LE15 8AB (tel 0572-57901).

INTERNATIONAL PROPERTY

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COSTA DEL SOL

PROJECT UNDER DEVELOPMENT 150,000 sqm. plot west of Marbella for sale. Very attractive estate situated 2 km from the seafront and near golf course. The development consists of approximately 130 units divided into villas and terraced apartments.

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PROPERTY/MOTORING

1989: a year for bargain-hunting

John Brennan on investment in the residential letting market

WHEN MONEY costs over 15 per cent and rental income...

of investors being advised to spend £10,000 or more per room...

When you could include 20 per cent or more capital appreciation in the equation...

Yet, Harold Phillips, of rental specialist Phillips, Key & Lewis (PKL), is a buyer at a price...

The rental market as a whole is very slack. We look at all the agents' lists and, whatever they say, there is an enormous amount of property that is sticking...

In his view, the rental flats most at risk of voids are the off-centre properties that fill in a tight market but are only a second choice if space is available...

PKL advises spending no more than £5,000 for each habitable room in a rental flat...

The GL version of Peugeot's new 405 estate car. Excellent aerody...



Ideal for a country gent

Stuart Marshall on the British love affair with estate cars

NO-ONE loves estate cars like Britons. For us, they evoke images of well-cut tweeds, green wellies and labradors...

There are British-made small/medium estates like the Ford Escort and Vauxhall Astra. The large estate market (discounting the specialised Range Rover) has been abandoned to imports...

Peugeot sees its latest 405 estate as a Sierra, Montego and Renault 21 Savanna competitor in the main. Oddly, it doesn't put the Citroen BX in the line-up of rivals though the two cars share many components...

The 405, with steel springs, rides as well as a BX on its self-levelling suspension but you cannot hitch it up an inch or two for driving on very rough roads...

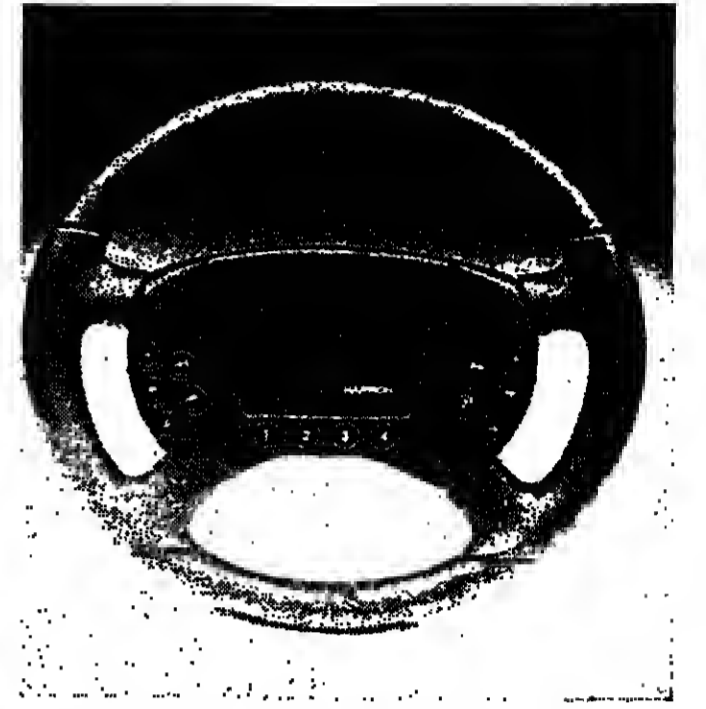
High tech hi-fi at a high cost

FOR THE driver who must have absolutely everything, a German firm has introduced a steering wheel with controls for the car radio/cassette/CD system built-in.

You can get a Haplich Infratech wheel now to fit a wide range of cars for about £500, though you then have to buy a Blaupunkt stereo system to match.

The Haplich Infratech steering wheel (pictured) uses infra-red technology to feed through changes in the setting of broadcast channels, volume or rewind. All the driver has to do is press buttons that are within finger or thumb-tip reach of hands properly positioned on the wheel.

Haplich is now working on infra-red controls for other electrical fittings such as powered sunroofs, windows and exterior mirrors. Diplomats Technico, Hazell Way, Bermuda Road, Nuneaton, Warwickshire (Tel. 0203-374374) has the details.



Clamp service

IN NEW YORK, if you get clamped you call an agency which will retrieve your car. For a bit on top, it is said, the clamp itself will be cut away from the car and hurled into the East River so you won't have to pay a penalty to the police department as well as the agency's fee.

coronaries caused by fury and frustration. Valet Parking Ltd (01-759-4981) provides a US-style guest parking service for occasions of any size, at any time of the day or night.

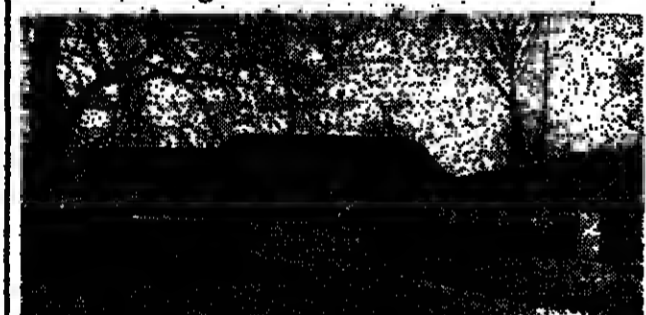
A much less drastic and completely law abiding alternative has reached London, where more than 110,000 cars were clamped or towed away in the last year. This led to nearly £3 million being paid in penalties and who knows how many near

departures. The whole operation, according to director of operations Timothy Ray, is fully insured and eliminates all parking worries, from tickets to theft.

S.M.

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GUY SALMON JAGUAR

Guy Salmon Jaguar advertisement listing various models and prices. Includes models like Daimler 3.6, Jaguar XJ6 3.6 Auto, and Range Rover Vogue.

Advertisement for Antony Carbonari on the Financial Times Motor Car pages. Includes contact information for 01-895 9726.

Lotus Used Car Register advertisement. Includes contact information for 01-251 2500.

Vertical text on the far left edge of the page, including 'nect rk' and 'RGATE'.

TRAVEL

Fancy footwork in the Great Jamaican Hustle

AND THEN the sheath knife appeared, glinting like a scimitar about four inches from my face. The knife was wielded by Joshua (we can call him that): a BP gas pump attendant on Jamaica's North Shore. I was not in any danger, for what Joshua was engaged in was a mastery demonstration of the Great Jamaican Hustle - the process, only sometimes painful for its victims, via which so many Jamaicans seem to eke a living stinging the tourists.

It was principally my fault. Driving west from Port Antonio towards Ocho Rios, through the fields of sugarcane, about an hour from sunset, I had stopped to fill the tank. Then I blundered badly by asking Joshua - a diminutive rascal of a man who must have been well into his sixties - whether he could repair my offside door.

He drove the car around a corner. First he used a spanner, but that didn't work, so out came the sheath knife, which he used to rip away the door panel. Then he did some banging, and kicked the door quite hard, and declared himself well satisfied. Things, in fact, were worse, for the window was now completely jammed. "There, mon," he said, "no problem now. Just as good as new. Give me 60 Jamaican" - about \$5.

I was tired of being hustled, so I paid out the money. But that was not the end of it. Joshua wanted to go home. He lived 15 miles away, towards Ocho Rios, so he flung open the rear door and made himself comfortable, chattering and chattering, lighting up a cigarette and asking me to turn on the radio because he always felt better when riding in a car, if he could listen to the radio.

Then he gave us some advice. "Don't give no lifts to no Jamaicans," said this wicked little man. "Jamaicans are dangerous. Don't you stop for no Jamaicans. I can see that you are good people." As we drove into his town, he pointed to his cronies and then hopped out.

Some people find Jamaica sinister, even though its violence has declined greatly since the unrest of the late 1970s. I did not find it sinister, but in my first week I constantly marvelled at the richness of technique of the Great Jamaican Hustle, and at the variety of goods and services allegedly on offer - not just ganja (marijuana), but anything.

You get used to it eventually. As Steve Cohen explains in *The Adventure Guide to Jamaica*: "Hustling is open to all. You ask for directions or to take a photo and an opportunistic Jamaican asked for return for services, real or imagined. This can feel intimidating if you are miles from the nearest town, and are unused to Jamaican ways. 'Jes' have somet'ing for I, for I troubles,' your newest Jamaican friend says softly. 'One love, breddren, Jes' a little. It works out if you know what to expect."

Much of my unease in the first week stemmed from the fact that I was based in Ocho Rios, which boasts some fine beaches and some excellent hotels but is a horrible dump of a town entirely given over to hustling. On the other hand, veteran Jamaican travellers insist that once you acquire a car, the tourists leave you alone, reckoning that if you have been around long enough to catch the sun, then you already have what you need, or know where to find it. The trick is getting through those first few days.

On my sixth day, a taxi-driver who looked like a middleweight boxer with a 53-to-2 win-loss record, approached me and told me that when I was ready (I was sitting on a wall) he would drive me in search of whatever pleasures or fantasies I desired. "When you're ready, mon, the car's right here, ready to go, just when you're ready, just say the word, whatever scene you like, mon, just say the word."

I have known many middleweight boxers, and can handle them well. I told him that when I was good and ready I would get into my car, which was parked next to him, and drive into Ocho Rios at 130

THE AGONY AND THE ECSTASY



Travels with Michael Thompson-Noel

miles-an-hour where I would probably eat seven or eight lobsters and then dance like a wild thing up and down Main Street. That worked like magic. It is not that I am insensitive. I was particularly not insensitive while wandering round Ocho Rios because on the plane from London I had read *A Small Place*, a book about Antigua, as it happens, by a writer called Jamaica Kincaid, who works for the *New Yorker*. If you work for the *New Yorker* you can write virtually what you like. Ms Kin-

caid writes well. She is greatly admired. People have given her prizes. She does not like tourists.

"An ugly thing," she writes, "that is what you are when you become a tourist, an ugly, empty thing, a stupid thing, a piece of rubbish passing here and there to gaze at this and taste that, and it will never occur to you that the people who inhabit the place in which you have just passed cannot stand you, that behind their closed doors they laugh at your strangeness."

There is more: "That the native does not like the tourist," writes Ms Kincaid, "is not hard to explain. For every native of every place is a potential tourist, and every tourist is a native of somewhere. Every native everywhere lives a life of overwhelming and crushing banality and boredom and desolation and depression, and every deed, good and bad, is an attempt to forget this. Every native would like to find a way out, every native would like a rest, every native would like a tour. But some natives - most natives in the world - cannot go anywhere. They are too poor. They are too poor to go anywhere."

By the time my Jumbo was

landing at Montego Bay I had tired of Ms Kincaid's Jeremiah, and was wondering what on earth the Third World would do if it were suddenly shorn of its tourists. The answer is: flounder.

This is well understood in Jamaica, where tourism has supplanted alumina and bauxite as the chief earner of foreign currency, and where the improved political climate, and the lessening of violence, have helped the tourism industry recover its poise. At least this was true until Hurricane Gilbert ripped across the island last September, leaving such a trail of devastation that the Jamaican prime minister likened the sight to "Hiroshima after the A-bomb."

This was not a wise remark. But Jamaica has bounced back, so much so that a news agency report flashed across my screen last month, declaring that Jamaica had relaunched itself as a "holiday paradise" while at the same time embarking on the final stages of a big reconstruction programme to eradicate the scars of Gilbert.

"Paradise"? I do not think so. There is too much of Ms Kincaid's poverty and desperation for Jamaica to be viewed as that. But you get a lot for your money - what the guidebooks call 4,411 square miles of Caribbean loveliness; indeed, many experienced souls rate Jamaica the most beautiful of all the East and West Indies.

It is 90 miles south of Cuba, 100 miles west of Haiti and 1 1/2 hours by jet from Miami: a big island (145 miles east to west) of which approximately half is above 1,000 ft, so that mountains and valleys dominate the terrain. The central range is the Blue Mountains, north-east of Kingston, connecting with the John Crow Mountains further east and ranging up to Blue Mountain Peak (5,621 ft), an almost-mythic peak that is generally shrouded in pale blue mist.

Other mountains trail off westward, ending in the Dolphin Head Mountains outside Montego Bay, Jamaica's second largest city after Kingston. I was only in Montego Bay briefly, but it struck me as a lively and attractive place - in



Jamaica: making an effort to love the tourists

vivacious contrast to Kingston, which looks mad, bad and bomb-wrecked. I wouldn't go there if I were you. One evening at dinner in Ocho Rios I met a stunning lady from the Jamaica Tourist Board, who was cultivated and silky. I told her that I had been to Kingston that day, and very much regretted it. "Lucky you," she said, choosing not to hear the second part of the sentence. "I snuggle off there whenever I can swing it. It's a wonderful place, Kingston." I do not know what velvety amusements draw her there, but I was rendered speechless.

The Jamaican seasons blur and meld. It is invariably hot and humid. A cooling wind at night is called an "Undertaker's Breeze". The air is sweet and damp. There are tropical forests and hot southern plains. Bamboo grows every-

where, creaking and clacking in the cool night wind. There is still some rare mahogany in isolated swamps. Environmentalists predict that the lush and scenic forests will continue to shrink as the century shrinks, and may possibly disappear. Hard-working mountaineers who suffered badly after Gilbert, work even the hardest terrain for coffee, cocoa, bananas, tobacco, vegetables and ganja. Many Jamaicans who do not smoke ganja grow it for sale. It is readily available, but as the Tourist Board warns: "The bad news is that ganja is illegal and that arrests are made daily at Jamaican airports, with many European and American travellers going directly from elegant resorts to drastically inelegant Jamaican jails."

There is much that is worth seeing, and worth travelling to see. One warm wet morning I drove to the top of a beautiful hill to visit Firefly, a mountain hideaway near Port Maria that was Noel Coward's home. He is buried in the gardens, which command one of the most sensational views you will find anywhere in the tropics. How Coward must have revelled in the sadness of this strange, still place. Another day we made the obligatory three-hour, five-mile raft trip from Berrydale down the Rio Grande, a lazy, lovely river that exits the mountains and forests near Port Antonio. Halfway down, we stopped for a rest and a drink of coconut milk. My assistant wanted a swim. She was wearing a very expensive swimsuit. The water was green and cool. I remained on the bank and chatted to a

Continued on next page

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TRAVEL

Skiing

Now it's all downhill from here...

Arnold Wilson pays a centenary tribute to Sir Arthur Lunn



Downhill skiers follow the trail set by Sir Arthur Lunn

Continued from previous page... pig, which had wandered eccentrically up. The pig-like countenance, which it crunched between strong teeth. Then it flung itself into the Rio Grande and wallowed beside Miss Lee, who was profoundly and bitterly hurt.

course, and Stamp 'n Go (a breaded fish fritter) and ugli fruit (a citrus hybrid bred from grapefruit and tangerines). Between meals, I read indigestible chunks of The Daily Gleaner, which must rank as one of the most peculiar newspapers in the northern hemisphere.

IT WAS just like the opening of the film Chariots of Fire. There they were, the old men, still bright and lean, with fire in their eyes, talking stories about the days when they were young heroes - busily inventing downhill skiing with their mentor, Arnold Lunn. Some were British, some were Swiss. But they spoke the same thrilling language - the language of skiing.

When a German member of the Federation Internationale de Ski (FIS), Dr Karl Roesen, supported the British, he was reprimanded by the German Ski Association for making them appear "ridiculous". And a Norwegian claimed that Lunn had done more to harm skiing than anyone else in the world.

Every other country had followed the Norwegian precedent and organised ski championships only for Langlauf (cross country) and jumping. Indeed, it was another 10 years before anyone but the British held Alpine championships. Meanwhile, they were ridiculed

by European skiers who believed that Lunn had invented the slalom for clients who were "too cowardly to jump and too feeble to Langlauf".

William's grandfather, Peter Lunn, said: "The Swiss don't easily give their hearts, but once they have done so they are unwavering and it never dies."

"That," said a voice rather cruelly, "is about the maximum of passion and joie de vivre we Swiss can muster." The Swiss, it seems, can laugh at themselves.

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BOOKS

Along the corridors of power

Hazel Duffy on a new view of the British civil service

WHITEHALL
by Peter Hennessy
Seymour & Warburg £20.00 251 pages

CIVIL SERVANTS — the ones who work in Whitehall, not those who pay out social security benefits or process the applications for driving licences — fascinate Peter Hennessy.

It was a fascination fostered in the early stage by largely uneventful hours on the night news desk of *The Times* which gave him time to develop the idea of reporting on Whitehall. As soon as word of his plans reached Harold Wilson's office, a note was sent out to senior civil servants to the effect that they were not to speak to Hennessy. It was a move guaranteed to whet the appetite of a determined journalist and, ever since, Hennessy has been wheeling his "pathetic little hobby-horse up and down the corridors of power", as Angus Maude apparently unkindly put it.

that the *Yes, Minister* series on television has probably done Whitehall "more good than harm" in that it banished the image held by most of the population that the civil service is dull. They would prefer, however, not to be seen as devious.

The value of Hennessy's book, all 300 pages and at least another 30 pages of notes, is that it puts the momentous events into the context of the overall problems confronting the civil service. The book is historical, tracing the development of the modern civil service from the introduction of the reforms based on the Northcote and Trevelyan report published in 1854 (it was only 20 pages long) to the present day preoccupations of the Government, which, despite the dramas, are actually about management and value-for-money in the civil service. It is also part textbook, cataloguing some of the major events like Suez and the Falklands where a few retired civil servants in various interviews with the author and writings have permitted a tiny glimpse of how Whitehall worked, and the like and dislikes of certain politicians towards bits of the bureaucracy, notably Wilson's distrust of the Treasury.



The Tudor palace of Whitehall was burnt down in 1698, but the name survives as the street of Government buildings seen here dominated by the statue of Earl Halsg as it reaches Trafalgar Square — from "London Capital City" photographed by Derek Forsyth and described by David Pearce (Batsford £14.95)

generally highly complimentary about the Unit's direct achievements in saving money and the broader impact that it has had on making the civil service more management oriented.

The bright young civil servants brought into the Unit, however, have deserted for the private sector, as have many others who would have gone to the top had they stayed. Their departures are symbolic of the difficulty, largely unresolved, of how Whitehall, fashioned on a "career for life", will adapt to the greater mobility in employment today, and of the diminished status of the civil servant. There are still major obstacles in the path of movement out of and back into Whitehall, which many think must be removed if the civil service is to catch up in the modern world.

Hennessy, the grammar school boy who writes of his love and respect for the institution of Cambridge, seems somewhat awed by the institution of Whitehall, and the mandarins — many of them "brilliant" in his view — who staff it. He is not alone. MPs on select committees, given the opportunity to question top civil servants, all too often seem humbled in their presence.

THIS IS the fourth book in a series about nuclear proliferation produced by the Carnegie Endowment for International Peace and with its Senior Associate Mr Spector as author.

Argentina and Brazil, with others such as the two Koreas, Taiwan, Iran, Iraq and Libya queuing up as well. What is needed now, as he indicates, is post-proliferation restraint.

New club members

THE UNDECLARED BOMB
by Leonard S. Spector
Ballinger Publishing Company, Cambridge, Massachusetts \$12.95, 499 pages

gramme in the 1950s and 1960s. India, another holier-than-thou country, exploded a nuclear device in 1974. Norway managed to allow Israel to "misplace" a significant quantity of heavy water. The Soviet Union has contributed to the transfer of technology by leasing India a "Charlie 1" nuclear submarine. And China has not only sold missiles to Iran and Saudi Arabia but may also have sold heavy water to India (NB, India not not Pakistan).

reprocessing and enrichment capacities and an overwhelming triple footcote system is impressive, they do it the same time leave the sense of masking hard-and-fast conclusions.

regional tensions can hit the main targets they want. Indeed, things have gone further. India has the capacity to hit China, and Israel's Jericho IIB missile could hit southern Russia — thereby increasing the potential of regional disputes spilling over directly into the realms of the superpowers.

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Byzantium revisited

AROUND 300 AD, the Roman Empire stretched from Hadrian's Wall to the Euphrates. It was predominantly pagan, Latin, urban, and classical. Five hundred years, 33 emperors, and innumerable wars and invasions later, the Empire, astonishingly, still survived in what is today Turkey, Greece, and southern Italy, even though it had been extinguished in the West in 476 AD.

BYZANTIUM: THE EARLY CENTURIES
by John Julius Norwich
Viking £16.95, 408 pages

AD — far the most powerful and advanced European state. Its monuments and art can still dazzle the beholder today just as they did one thousand years ago.

At the capture of Damascus in 1918, Lawrence had disobeyed orders. Had about what he had done, and created conditions which were to bedevil Franco-British and Arab relations. In private life, he was a masochist, and from 1924 he paid a young Scotsman called John Bruce to hit him regularly.

THE LETTERS OF T E LAWRENCE
selected and edited by Malcolm Brown
J.M. Dent £18.00, 566 pages

what selected like this from what Garnett censored is simply to add to what is already too much mystification. Having said this, the selection as a whole helps to clarify the real Lawrence. He emerges as an Oxford man in his tastes for literature and music, not an imperialist but a believer that other people could and should obtain their independence, against generals and in favour of the common man, in short left-wing by the standards of the day. As for publicity, especially where it concerned *Seven Pillars of Wisdom*, he adopted that might be called the Garbo strategy of fame through self-denigration (fundamentally he refers to her in a letter and he could well have known of her wish to be alone). Telling everyone within earshot what a rotten writer he was, he was simultaneously doing whatever was possible to advance his literary career.

Anthony McDermott

David Pryce-Jones

At the capture of Damascus in 1918, Lawrence had disobeyed orders. Had about what he had done, and created conditions which were to bedevil Franco-British and Arab relations. In private life, he was a masochist, and from 1924 he paid a young Scotsman called John Bruce to hit him regularly.

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FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

An urbane voice in the cloister

Alannah Hopkin looks at the strange career of a Spanish nun and poet

SOR JUANA INES de la Cruz
was one of the most famous poets of the 17th century. She had influential admirers not only in Mexico, where she lived, but throughout the Spanish and Portuguese-speaking worlds. She died in 1685 at the age of 46. The last reprinting of her work was in 1925, and there was no major new edition until 1940.

SOR JUANA: Her Life and Her World
by Octavio Paz
translated by M.S. Peden
Faber & Faber £27.50, 547 pages

critical error of "reading a Baroque text through Romantic eyes." Thus it is necessary to understand both the literary conventions — which explain how a nun could write such love poems as well as sacred ones — and the social and political world of late seventeenth century Mexico — which explains how she got away with her unconventional activities for so long.

The parallel with the critical fate of the metaphysical poets, neglected between the 18th and 20th centuries, will immediately strike readers of English poetry, and it is a useful one. Sor Juana's poetry shares many of their characteristics: elaborate conceits, intellectual playfulness, both erotic and sacred themes, the use of everyday language and many other features.

which she stresses that intellectual curiosity and a love of learning were her dominant passions from an early age. Having taught herself to read and write, she demanded to be sent to the university disguised as a man. When told this was impossible she studied alone in her grandfather's extensive library. Unable to master a lesson in the time she set for it, she cut off several inches of her hair, and repeated the action when necessary because she did not believe that a head should be "adorned with hair and naked of learning."

Her 15-year-old prodigy was sent to stay with relations in Mexico City, and her quick wit and poetic talent combined with her beauty soon made her a favourite at the Viceroyal court. At the age of 20, she tells us, "I entered the religious order, knowing that life there entailed certain conditions... most repugnant to my nature; but given the total antipathy I felt towards marriage, I deemed convent life the least unsuitable and most honourable I could elect..."

This was a wise choice, as she had no dowry. Convent rules, like moral ones, were lax in some directions, though the vow of chastity in this enclosed order was strictly observed. Visitors made the convent's "locutory" — the parlour in which they were received — as lively as the Viceroyal salons, and apart from daily devotions and her duties as book-keeper, Sor Juana was free to read and write in her own comfortable rooms.

Much of the richness of this account of Sor Juana's life and work comes from Paz's insistence that one must avoid the

Foundations of the pillars of wisdom

T.E. LAWRENCE was the centre of a publicity campaign which at the time, after the First World War, had no precedent. Promoted as king-maker, spy, adventurer, soldier, he became "Lawrence of Arabia," a figure of legend, supposedly a source of inspiration to the English, much as André Malraux was later to be to the French. Robert Graves and Basil Liddell-Hart wrote admulatory biographies during his lifetime.

When Lawrence died in his motor bike accident in 1935, the task of editing his letters was given to David Garnett, who produced out of them almost 900 pages of hagiography.

Genius," was a word Garnett did not hesitate to apply to Lawrence. At the prompting of Lawrence's mother and brother, he cut out anything personal that might cast a shadow or reveal the inner self, marking where he had done so. Of course the ensuing myth was not firmly based in reality. A good number of Lawrence's former colleagues in the Middle East had been more capable and influential, producing better political results.

David Pryce-Jones

David Pryce-Jones

DIVERSIONS

Bibliophilia

Blue chip collection

UNTIL WELL into the 19th century, the classic lands of the eastern Mediterranean were remote, exotic and dangerous to visit.

spoke French. He learned Russian from his nanny and spoke Romanian at school.

The accounts they wrote on their return provide a main source for the area's changing political and economic situation and the culture and customs of the inhabitants as well as its appearance.

The Second World War, however, like the First, brought disaster to the Greek community. Lascarisides liked to describe what happened when the first units of the invading Russian army arrived at the family's country estate.

Even conventional observers have their value in demonstrating the conventions within which the Ottoman empire was viewed.

In 1947 Lascarisides was given a work permit to settle in England. During the confused days that followed the collapse of the Germans, he had provided some essential services to the British mission.

In the Western tradition, Greece always has been a special country, the land where civilisation originated.

Lascarisides emerged as a qualified marine engineer. He was given a job in London and began a career that was to take him all over the world.

A collection of such books put together by the late A.G. Lascarisides is to be put on sale. It contains all the key works in a dozen languages from the 16th century onwards.

It was during his years of travel that he built up his collection. In the 1960s and 1960s books still were cheap and, from the beginning, he had a precise idea of the ones he wanted.

Lascarisides bought a twist and saw at once that the book being torn up contained the official archives of the Sardinian consul at the end of the Greek War of Independence.

Lascarisides hoped his books would be kept together as a resource open and accessible to future researchers.

William St Clair

MENTION the Greek islands, and the heart cheers at once. Why? It is not in winter when gales cut them off.

Every island is its own proud continent and has been since the first islanders came in Neolithic and Bronze Age times.

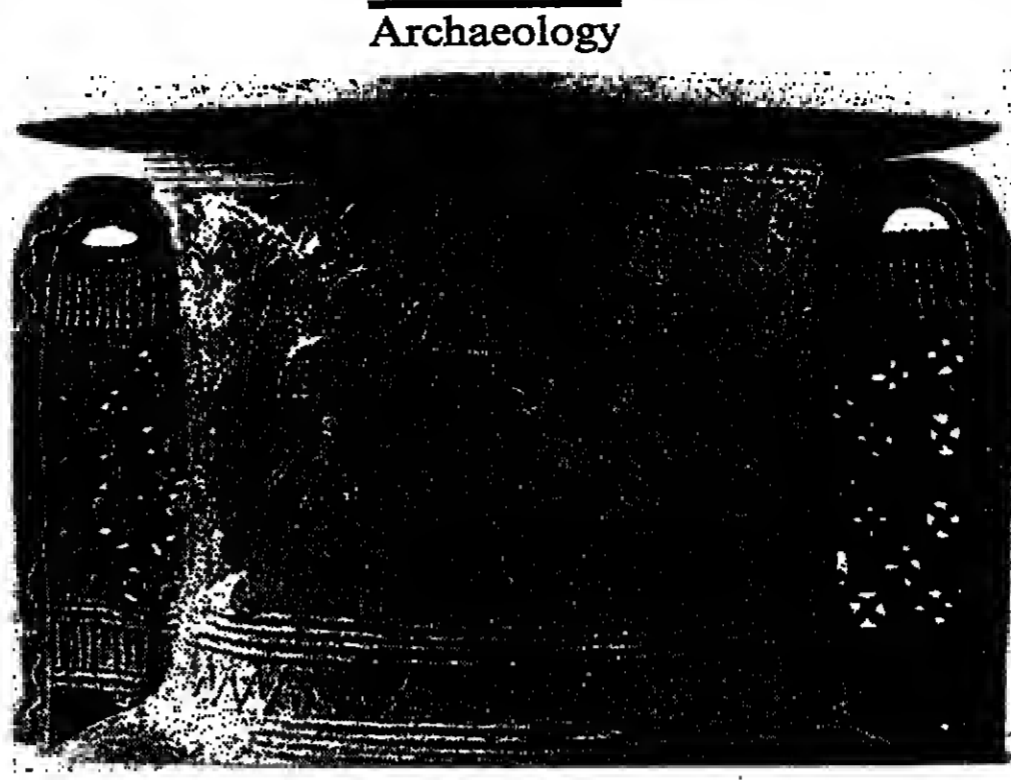
As today, ways of surviving and details of living vary from island to island. The question then and now is not "Are you an islander?" but "What island are you from?"

Today's unifier is tourism which provides enough for many to shut shop and "sit" through the winter.

The earliest obsidian outside Melos dates from the 11th millennium BC, thousands of years before any Neolithic settlement in the Cyclades.

Once, while stuck on Syra, the small island in the Aegean which has a shipyard but little else, he met a nut-seller making paper twists for his pistacles by tearing pages from an old manuscript.

Lascarisides bought a twist and saw at once that the book being torn up contained the official archives of the Sardinian consul at the end of the Greek War of Independence.



The Trojan horse on a jar from the 7th century BC

Archaeology

A continent on every Greek island

Gerald Cadogan finds much cheer in the history of the Aegean

Melos. Happen, once someone happened to discover its properties - painfully - seamen could have come to collect it in lumps from the beach.

It is still quarried in Paros and Naxos, which prospered in the 3rd millennium BC probably because they were centres of the oldest, yet also the most modern, sophisticated art of Greece.



Food for Thought

In search of fruits de mer

Peter Lewis drools at the very mention of French seafood

BEFORE FAMILIES disperse after Christmas and the New Year, they think about their summer holiday. Those with foresight and confidence actually book it.

and dispense winkles and whelks doused in corrosive vinegar. I don't know if the vinegar is there because it is thought to enhance the thirst-provoking qualities of seafood or make the beer taste better.

Ostend in Belgium. In general, there are far more places offering it but the quality of ingredients is slightly higher. In particular, the centrepieces crab usually is more succulent.

Drinks

Sloe but sure

GOD in his wisdom has smiled on us again. I am declaring a vintage year for the 1987 bottled sloe gin.

As I am feeling rather pleased with our modest success, I thought I would share the knowledge - if not the taste and alibi - of how to produce this excellent cold weather drink.

The year 1986 was very good for the fruits of the hedgerows. There were a great many blackberries, although they were not enormously large and juicy.

However, 1988 produced an abundance of such quantity and quality that it has made up for all the lean years. First of all, the blackberries were huge and succulent.

I have noticed since we have been making sloe gin that many people seem to be getting the sloe when they are about to be ripe or, indeed, are just ready. A panic sets in; the competition is fierce to gather all that grows.

It is a fine bush, the blackthorn, and named aptly. Its white flower complements the lambs in spring and its berries in winter bring warmth to the shepherd.

My wife's sloe gin is the truest, most natural variety. Perhaps trochum is a slight exaggeration - only a few of the total are really wrinkled and shrivelled.

Shepherd's crooks are the favoured sticks for picking; the berries are best at the reach of arm plus crook.

Each berry needs to be pricked at least four times; a christening fork is admirable for the job.

The whole lot are placed in large pickle jars. First, there is a layer of sugar, then a layer of sloe, then sugar and so on until the jar is nearly full.

There is little, if any, sediment. The sloe gin is very clear indeed. But should you think the almonds are worth eating, don't bother. The sloe gin has leached every bit of flavonoid from both the berries and the almonds.

Once bottling has taken place, the mixture should be left to mature for a further six months. Indeed, I regard this period of maturity as a test of character.

The rewards are huge. The colour on bottling is a deep, rich red which I have noticed changes to a more creamy shade after two years - but the taste and texture after this sort of time is especially good.

What I am now hoping for is an end to the mild weather and a very cold, dry winter. In that sort of climate, sloe gin becomes the king of refreshments.

I have not mentioned quantities, which one normally does when giving a recipe; but then, I think life is all the sweeter with one or two secrets.

Bobby Robson

IT MUST BE TIME FOR THE ALFRED DUNHILL SALE. WEDNESDAY, JANUARY 4TH - SATURDAY, JANUARY 28TH. Visit Alfred Dunhill at 30 Duke Street St. James's, Burlington Arcade and 5 Sloane Street.

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Arcachon has, of course, very good oysters and supplies them up and down the Atlantic coast. The recipe calls for blanched almonds, but I don't think they are not difficult to come by.

ARTS

Alistair Macauley goes to Paris to rekindle a love affair with the extraordinary works of a master choreographer and his company

Cunningham's walk of life



The eternal image of Merce Cunningham — a famous picture from 1973; today the man and the mystery remain unchanged

Yon start by walking — by lifting one foot from the floor and then placing it down at another place. It seems an obvious thing to say, but this basic ingredient of human movement is something no major choreographer, no major academic dance style, takes for granted. And how moving that so ordinary a human act can render new to us. I felt this again looking at three programmes given by the Merce Cunningham Dance Company, in its two-week season in Paris at the Theatre de la Ville.

There are two women who always enter together, stepping in patterns around the perimeter of the stage, and five others who have, in addition to duets and ensembles, personal solos. Each of the five has a different tread and the female pair share a sixth: one man's back leg drags, one woman separates each of her steps with the hint of a pause, and the two "sisters" pace calmly in and out of still-held and far-reaching arabesques.

attended, the Paris repertoire was supplemented by the revivals of those older works *Septet* and *Rainforest*; the result was more like a Cunningham retrospective than any season London has yet been given.

silver pillows (set against a black void), some hung like giant stars, or massive foliage, above the dancers, others loose on the floor like awaying undergrowth. (At the Theatre de la Ville, one of these passed forward and hounded its way up to the back of the auditorium.)

since 1984). The costumes are in a wide array of single colours, each perfectly selected (lemon, salmon, royal and egg-shell blues, grass-green and more), with two-layer black-over-white skirts for the women, which later they remove as the work accelerates.

A glutton devoid of graces

The Gate opens its 10th anniversary season of neglected European classics with a late 18th century comedy which holds a pivotal place in the history of Russian drama but has apparently never before made it to the British stage.

men in the Middle East, or a woman's loose dress) hanging out like any errant school-boy's. However, it surely ignores the titular irony of an ineducable, gluttonous youth on the verge of man's estate yet coddled like a delicate toddler by a mother whose every ambition is invested in him.

are gloriously personified in Flip Webster's bullying Mrs Simple; the cultivation of city dwellers in George Penness's benignly pompous Oldwise, who arrives at the Simple household to rescue his orphaned niece Sophia from droegery. He stays to see her safely betrothed to the right man and to impart his civilising views on duty and virtue in pointedly archaic speech to an assembly more interested in his money than his morals.

the cast — from Steven Wickham's pampered farmer Beast to Kate Eyras' demure Sophia — is well-exploited by director Giles Croft, although the restraints of 12 actors on the small Gate stage take their toll on the broader comedy.

Baroque diversions restored

Opera Restord, the touring company dedicated to the revival and production of English operas and oratorios of the baroque period, visited the Queen Elizabeth Hall on Thursday with a double bill of 18th century one-acters.

that the programme should have drawn a full hall. Pepusch, the Berlin-born composer best known for his contribution to *The Beggar's Opera*, was a skilful musician. Barton Booth's libretto treats more expansively the relationship between Dido (soprano) and Aeneas (alto) than did Purcell's earlier masterpiece (hardly familiar by 1716), in a dramatic structure much simpler and more "domestic" than Nahum Tate's.

decorous production style (Classical facade, tasteful period costumes) that served Pepusch well enough to tend to revive echoes of the jolly-good-fun school-play; much greater sophistication is needed here.

The greatest strength of the current Opera Restord team lies in its two leading sopranos, both of them young English singers of fresh, delicate style and sparkling wit.

The hottest theatre ticket on Broadway this Christmas has been for a production of *Waiting For Godot*. Why? Because it stars America's two top white comedians, Steve Martin and Robin Williams.

into the cinema with a filmed solo concert. But as if by inverse colour bar, Martin and Williams's exposure outside America has been confined to roles in feature movies, and frequently awful movies at that.

ness. He comes on like a door-to-door salesman whose smile can turn to teeth-gritting malice if the door jams on his foot.

(Warner) and *Suspect* (RCA/Columbia). Otherwise the new year is given over to titles which sound like recommendations to run quickly in the opposite direction: *Invasion Of The Bodysnatchers*, *Alien From L.A.*, *The Satanstoe Kid* and more such.

WEST LONDON ANTIQUES FAIR. Kennington Town Hall, Houton St., off Kennington High Street, W3. 12th-15th January 1989. 90 stands, on 3 floors. Venued to a high standard. Most items pre 1870.

Video Comic cuts. Now home viewers may see and guffaw at will. Steve Martin (Vestron) has the silver-haired human sparkling on stage in glorious form, building a collage of mimicry, mime, shaggy dog tales and spoof shrewdly.



From left, Flip Webster, Adam Ray and Deva Palmer in *The Simple Life*

Kingsley Amis's *G.H.F.* 20 has sharply-drawn characters and a bold plot laced with surprises — proper material for radio. For Radio 4's Monday Play, Tony Billow has made it into *All Free Now*, laying out the bones of the story effectively and retaining a fair feeling of Amis in the newly-contracted talk.

Radio Novel distraction. What Radio 3's publicity didn't make clear was that *The Works* is for young listeners, who need the kind of talk-down which Radio 3's features generally avoid.

Robert Stephens plays the flamboyant musician Sir Roy Vandervane, respected in the classics but ostentatiously keen on pop, even composing a piece for a group called Pigs But with himself on his Stradivarius. Less ostentatiously, he is keen on young girls, and is preparing to leave his wife and two children for an unknown, Sylvia, alleged to be 20, actually 17.

When secret Sylvia's true persona is revealed, adding an unarguably melodramatic touch to the story (that I won't betray for there is a repeat this afternoon), virtually all these people suffer some loss or other — but as Gilbert says, "We are all free now." I found this black romance, ably directed by Matthew Walters, absorbing enough to send me out to the library for the novel.

and about a forthcoming week of young artists in 20th century music, disappeared by 20th century composer David Bedford. We had samples of group-composed music that I thought child-like if not actually-ish. There were director's jokes about continuity that were definitely left when we were to hear Bedford's *The sun rises rainbows on the vast waves*, for wind-band and tuned bottles, we had *Into thy wondrous house* instead. Later we caught announcer Tony Scotland knitting.

The *Works* won't always be at 6pm Monday to Friday, but at 6.15 on Fridays only, and lasting 45 rather than 60 minutes. I shan't be likely to hear it again; perhaps one of our younger music critics might have a go.

Pick of the week at Christie's. A quarter of a century ago, in 1964, a young man named John Burt Foster saw a picture of a black string player in a photograph in a magazine.

ON THURSDAY, 12 January at 2.00 p.m., Christie's in South Kensington will be holding an auction of Cameras, Photographs and Related Material. A huge variety of objects will be offered for sale, from photographic literature to exotic glass slides.

Nigel Andrews

SPORT

Fortune is favouring the form book

Ben Wright is well along the road to the 23rd Super Bowl clash in Miami

PERHAPS THE most unpredictable American football season in history...

Tomorrow the Chicago Bears, whose record is won 13 lost 4...

The Bears are favoured for several reasons besides the advantage of playing once



Mike Ditka, the Bears' coach is delaying team selection

accounts, on this latest occasion a very inexperienced Eagles team really beat themselves...

By contrast, the Fortyniners' crushing revenge play-off victory last Sunday over the Vikings by 34 points to 9 at

80 yards. Rice, who has been slowed down all season by an ankle injury...

At the time of writing, Bears' coach, Mike Ditka, had not announced whether his controversial and injury-prone quarterback...

flery Ditka, Hollywood casting's archetypal blue-collar coach, who suffered a minor heart attack during the season...

The Bengals, who lost to the Fortyniners in the 18th Super Bowl by 36-21, beat the Bills en route to the world championship final 28-21...



Joe Montana: a superstar who has proved his fitness

DEWI MORRIS, the Welshman who plays scrum-half for England...

An appearance for England B v Australia was quickly followed by promotion to the full national side for the entertaining game against Australia.

Morris, who is six feet tall and weighs about 13 1/2 stones, has already been hailed in some circles as a saviour in No 9 jersey...

Such addition is something of a mystery to Morris, who spends his working week as a production controller at the brewers Greenall Whitley in Warrington...

Morris, son of a Welsh father and an English mother, had played in only 10 games for Liverpool St Helens when he caught the selectors' eye in a charity match against a World XV at Gateshead...

Racing through the ranks

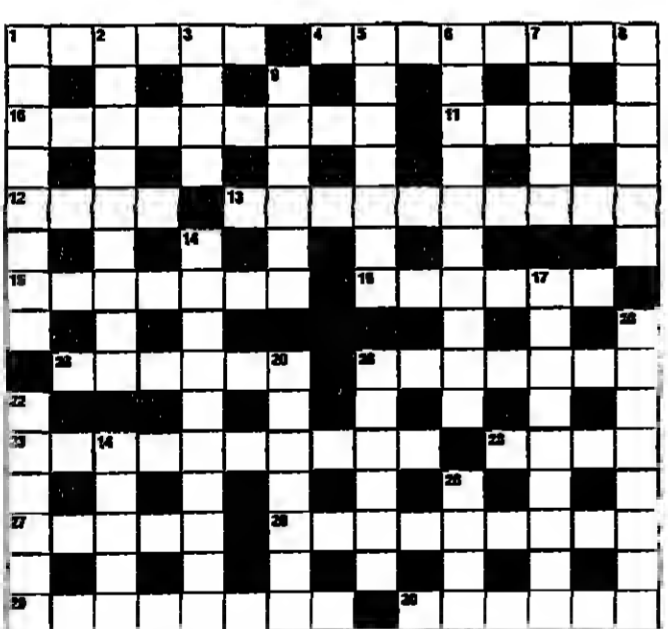
John Kitching talks to the Welshman who plays rugby for England

course at Crewe and Alsager College before joining the brewery company. It was then that he started to play rugby for Winton Park, a junior side based at Northwich...

But we're still fighting. I think the leagues have given a whole new impetus to the game in this country and have certainly contributed to its well being.

CROSSWORD

No. 6328 Set by DINMUTZ. Prizes of £10 each for the first five correct solutions opened.



ACROSS: 1 Liable to change (6), 2 Flushing ceiling, say? (8), 10 Rotating firework doing real revolution (9)...

Solution to Puzzle No. 6,327. DOWN: 1 Something to blind dressing round pheasants, perhaps (8)...

TELEVISION & RADIO

SATURDAY

Granada: 11:30 am The Chart Show, 12:30 pm America's Top 10, 2:10 The Fall Guy, 3:57 The Hit Man and Her, followed by ITN News Headlines...

SUNDAY

BBC1: 8:15 am News, 9:00 am The Chart Show, 10:00 am The Fall Guy, 11:30 am The Hit Man and Her, followed by ITN News Headlines...

exude confidence. Much of that, he says, has to do with the appointment for the whole season of Will Carling as captain...

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